

EUROPEAN NEWS

OECD report on Spain warns of rising inflation and a worsening payments balance. Robert Graham reports

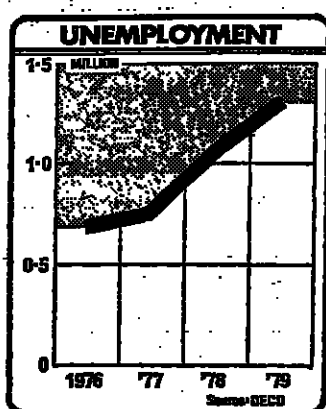
Spectre of unemployment grows as recession deepens

ANY CONVERSATION about the Spanish economy is these days dominated by two themes: the rising number of unemployed and the return of inflationary trends. Both these elements are highlighted by the latest OECD report on Spain published today. Neither is particularly to Spain, but Spain has to face up to them differently because, unlike the rest of Europe, it has witnessed an ever-deepening recession since 1976 and has far weaker economic structures.

As unemployment has been a comparatively recent phenomenon, relatively little thought and even less administrative machinery has been devoted to it in the past. This has changed over the past two years, when 500,000 people have lost their jobs according to official statistics. By the end of 1979 total unemployment was 1.33m, equivalent to 10.2 per cent of the active population. Even now, though, at least 40 per cent of all unemployed people do not receive any benefit.

The worrying aspect of this is that the upward trend in unemployment has shown no sign of slackening. In the last quarter of 1979 the number of jobless rose 100,000. The reasons for this are not difficult to detect.

Domestic demand, except for foodstuffs and certain services,



remains weak and investment continues to stagnate except for a few isolated sectors like mining and energy. To survive high wage costs and heavy financial overheads, companies have sought to economise by shedding labour. Workers, especially in the Basque country, the industrial heartland of Spain, are being made jobless with increasing frequency through bankruptcies and temporary receiverships. Last year, over a third of all the new unemployment registered occurred in the Basque country, and much of that round Bilbao. These were more often than not jobs in traditional engineering and steel-making concerns, whose owners either cannot afford new investment or who

will only consider new investment outside the Basque country. Where the latter occurs, it tends to be capital intensive.

The greatest incidence of unemployment continues to be among first job-seekers. Last year this rose by 12,000 and now represents 40 per cent of total jobless. The difficulty in finding jobs among the young applies to all educational levels, not just those without qualifications.

The Government has produced no formal growth projections for the current year. Having twice changed its forecasts last year which even then proved over-optimistic, it prefers not to make itself a hostage to political criticism. But several institutions have offered their own estimates, and these vary from an optimistic 1.5 per cent to zero growth.

Banco de Bilbao, which is closely involved with a wide cross-section of industry and commerce, has predicted 0.8 per cent in gross domestic product against 1.5 per cent last year. The bank reckons the sole stimulus will come from agricultural sector, and to a lesser extent the tertiary sector. Private consumption and fixed capital investment will be static. A decisive factor will be a lower level of stockbuilding by companies who will only do the minimum necessary.

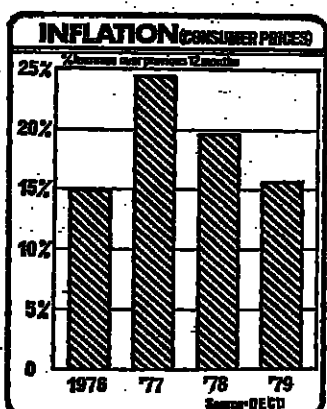
With its ear less close to the ground, the OECD report comes

to a similar conclusion but also offers a faint hope that private investment might pick up.

Accepting the prospect of stagnant growth, Spain will have witnessed an average annual growth in GDP over the past five years of little over 2 per cent. In the past two years the Government had been hoping for rates of double this. So long as this low growth continues there is little hope of alleviating the employment picture. Indeed, unemployment will probably reach 1.5m this year, and it is reckoned that the economy has to grow at about 4 per cent for employment to stabilise and perhaps drop marginally.

A study of the Spanish economy in the 1980s published last week by Banco Urquijo makes a stark forecast. It says an optimum situation over the next decade would be for Spain to raise productivity by 4 per cent a year and cut unemployment by 100,000 each year. But to do this, GDP must grow in real terms at above 6.5 per cent a year.

At one level the Government has little alternative but to seek to "institutionalise" unemployment. If new jobs cannot easily be created, provision has to be made to protect those who are unemployed. As this is costly and could be counter-productive, the Government is watching interest



phenomenon of workers coming off unemployment benefit after the 18-month maximum limit. The Government insists, with some justification, that the Spanish system of holding down more than one job and the institution of the extended family provide hidden social safety valves.

The authorities are also hoping like the OECD that a sooner or later the private sector will turn again to investment. Yet investors are wary because medium-term finance remains difficult. Confidence in expansion is also conditioned by the many who are still paying the price for over-investing in 1973-74. The main stimulus therefore will probably have to come from the public sector, \$1.5bn.

and here the Government has in mind a greater emphasis on housing.

The temptation to increase public spending and raise the large public sector deficit of Ptas 94bn (\$2.5bn) at the year end may prove hard to resist. Last year public spending was held in check, largely because of a four-month delay in approving the budget.

Thus there will be an overlap this year and the authorities, who have yet to announce money supply targets for 1980, may have a more difficult time administering the continued tight control of credit to the private sector.

With a 78 per cent dependence upon energy imports, Spain's economic performance will be conditioned, as last year, by the price of crude oil. Taking into account special oil deals and a greatly reduced need to rely on the spot market, optimistic forecasts talk of an average cost per barrel of \$30 for Spain's 51m-ton needs.

Such a price could permit GDP growth of 1.5 per cent, according to the Spanish Bankers' Association. Taking a cost per barrel of \$32.5, growth would be 0.8 per cent. This in turn foreshadows a deterioration in the balance of payments—an increase in the deficit of over \$3bn on the 1979 figure of \$1.5bn.

The OECD report underscores this deterioration. It also warns of the renewed problem of inflation. Last year energy prices added at least two points to inflation, raising the annual rate to 16 per cent. Largely reflecting energy related price rises, the consumer price index jumped 2.8 per cent in January and 0.9 per cent in February.

The utilities are known to be pressing for further price rises in July, while wage increases, though falling to keep pace with inflation, are averaging 13-14 per cent. This is probably buying industrial peace at the expense of economic realism, but it is the first year Spain has operated without Government-dictated guidelines.

Some economists are concerned that the Government is distorting inflation by holding down agricultural prices and letting industrial prices rise sharply. Last year this tactic certainly helped the overall inflation rate.

On current estimates inflation this year will be around 10-17 per cent. But in recent weeks a note of caution has crept in as the peseta has moved down sharply against the dollar—9 per cent down in a month. If the peseta depreciates further, this will have a negative impact on inflation—something not foreseen three months ago.

EEC oil use tops target by 25m tons

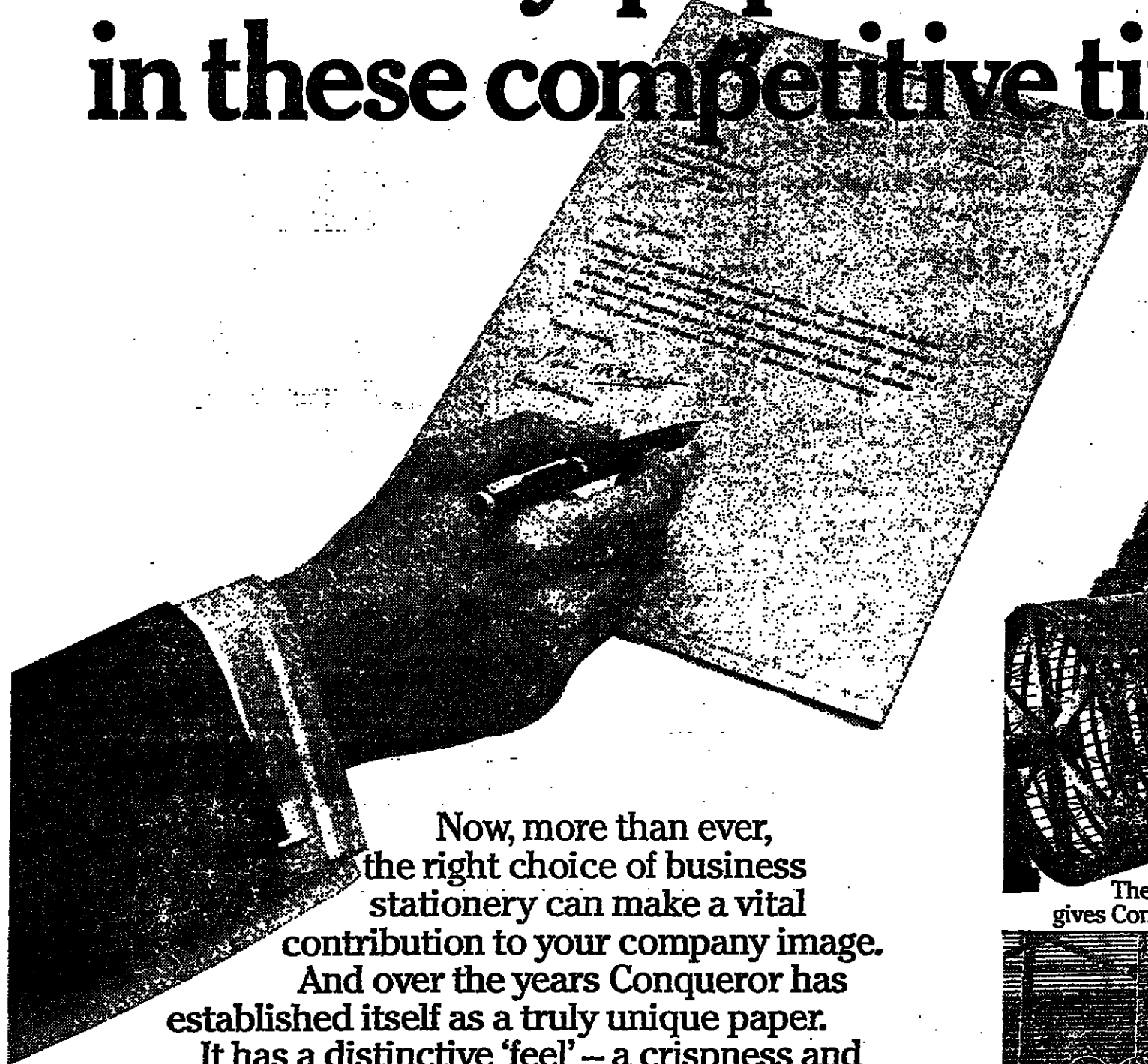
BRUSSELS—Oil consumption in the nine European Economic Community countries rose to 52m metric tons last year, 25m tons more than a target ceiling set by their leaders. The figures, released yesterday by Herr Guido Brunner, the Energy Commissioner, show that while oil consumption decreased by 1.4 per cent in the U.S. and rose 1.5 per cent worldwide, it increased by 2.7 per cent in the EEC.

In addition, the Community's dependence on imported oil rose slightly to 47.5m tons, despite a 49 per cent increase in production from the North Sea. Herr Brunner blamed severe winter weather in the early months of 1979 for the increase and predicted that consumption in 1980 would fall to 51.7m tons.

North Sea oil production in 1980 and conservation are expected to decrease imported oil to 46m tons, 15m tons less than 1979. Even so, the bill for imported oil will rise from \$75bn to \$100bn.

European heads of government set the 50m-ton target ceiling last March. A Commission paper yesterday said more than 400,000 barrels within the EEC should grow by 3.7 per cent this year to 32.3m tons. Agencies

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How Ireland keeps ahead of Ulster in winning new jobs

BY STEWART DALEY IN DUBLIN

LAST WEEK'S decision by the British Government not to change Northern Ireland's industrial development strategy—against advice from the Northern Ireland Economic Council and the trade union movement—has inevitably invited comparisons with its counterpart's policy and performance south of the border.

Many businessmen regard Ireland's Industrial Development Authority (IDA) as the best agency around in the jobs creation business. One industrialist who has dealt with both the IDA and the Northern Ireland Development Agency (NIDA) says it is "like the difference between made-to-measure tailoring and something off the peg."

In the case of the De Lorean motor company project in Northern Ireland, the British Government will eventually have had to spend \$26,500 to create each of 2,000 jobs. On average in Northern Ireland the cost per job is around \$12,500 if loans and equity involvement are wrapped up with building grants.

In Dublin, on the other hand, the IDA maintains that the average cost per job is between IR£4,000 and IR£5,000 (\$3,570-£4,470), without taking into account tax advantages compared to Northern Ireland. This figure encompasses every kind of industry, including cottage industries. The IDA has occasionally gone well over IR£5,000—in attracting the Mostek company last year the cost was IR£19,000 per job. But it rejected De Lorean because it was considered too high a risk and too expensive.

Northern Ireland thus spends more per job than the IDA. In the process it also hands over to incoming companies more in the way of grants and loans, giving building grants of up to 50 per cent, for example. The IDA offers grants of up to 40 per cent for building costs, but only in the underdeveloped west of the country. In the east, grants are nearer 30 per cent.

For all this, Northern Ireland appears to have done less well. In 1979, 5,000 new jobs were created through nine new investments. The Department of Trade and Commerce estimates that to prevent unemployment increasing 7,000 new jobs must be created in the province each year. This year the rate has been stepped up a bit, and there are approvals for 3,000 new jobs in the first three months.

In Ireland, however, the IDA approved 12,000 new jobs in 1978 and 15,000 jobs were created in 1979. Each year approvals are given for some 70 to 80 projects on average. Even allowing for the fact that the workforce is twice as large in the Republic, the rate would seem to be better.

The more potent attraction in the Republic is the concessionary tax structure. All companies which have set up in Ireland are exempt from tax on exports. Since there are 350m people in the EEC and only 3.5m in Ireland, it is obvious where goods are being sold. Many foreign companies pay no tax at all.

Under the prompting of the European Commission, which feels that such concessions are against the spirit of the Common Market, Ireland has agreed to introduce from 1981 a 10 per cent corporation tax for all foreign companies. Any concerns setting up in Ireland before then, however, will have the old exemption until 1980. Another reason for the IDA's better track record compared to the NIDA is to be found in the structure of the assistance agencies themselves. The IDA is a State body with an annual Government budget of IR£75m. But it does everything from organising grants and loans to finding factories and sometimes taking equity stakes.

In Northern Ireland, however, there are several bodies. The Commerce Department which is based at Stormont organises grants, while the NIDA is responsible for loans and equity involvement.

Kreisky visits Yugoslavia

VIENNA—Chancellor Bruno Kreisky, of Austria, left yesterday for a three-day official visit to Yugoslavia. It is the first such visit by an Austrian Chancellor in 15 years and will be the first by a government head since President Josip Broz Tito went into hospital.

Economic issues and the problem of the Slovenian minority living in Austria's Carinthia province are expected to head the agenda for bilateral matters. International topics for discussion are likely to range from the Helsinki follow-up conference on European security and co-operation in

Madrid, to the situation after the Soviet invasion of Afghanistan.

In Belgrade, meanwhile, President Tito's doctors said yesterday that his pneumonia had worsened, after appearing to ease in recent days. A medical bulletin said the 87-year-old Yugoslav leader was still running a high body temperature.

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Norway orders safety check on N. Sea oil rigs

BY RAY GJETER IN OSLO

ALL floating oil rigs in Norway's sector of the North Sea, including both hotel and drilling units, are to be subjected to a special safety inspection over the next two to three months. The move, a direct consequence of last month's disaster in which the Alexander Kielland Hotel rig capsized, was announced yesterday by Det Norske Veritas, the Norwegian ship and rig classification society.

Veritas said it had already asked rig owners to say when their units could be made available for the check-up. All those contacted had been positive, although some will find it difficult to fit the inspection in to their working schedules. Some 25 units are involved, and priority will be given to rigs whose design resembles that of the Alexander Kielland.

It was also confirmed yesterday that a semi-submersible drilling rig working in Norway's part of the North Sea has been shipping water through a 4cm-long crack since mid-March.

The rig, the West Venture, is owned by the Peter Smedvig Shipping Company and is drilling a second well on Shell's promising new gas field on Block 31/2.

The crack on the West Venture was discovered by Veritas after its braces on arch 16 and dolly 8 were reported to Veritas. Veritas agreed that it would be safe to

complete the well before taking the rig to port for repair.

Ray Dafter, Energy Editor, adds: During the past two years or so minor cracks or fractures have been found in a number of semi-submersible rigs operating in UK waters.

The most worrying faults were found in March 1978 when inspectors discovered extensive cracking in the Transworld 58 rig, used as a floating production platform on Hamilton Brothers' Argyl field. The field had to be shut down while the rig was taken off location for permanent repairs to be carried out.

Extra safety checks are also being carried out on the Drillingmaster, another drilling rig which has been converted into an oil production vessel. This is of similar design to the Alexander Kielland and is shortly to begin operation on British Petroleum's Buchan field.

The UK Energy Department has pointed out that small or minor fractures have been found and repaired in eight other rigs. These are the Norjarl (November 1978), Ocean Voyager (April 1978), Aladdin (May 1978), Pacesetter 1 (September 1978), Stadriil (April 1978), Pentagone 84 (September 1978), and Shahad Saxon (May 1978). In all cases repairs were or are being carried out.

Citibank seeking branch in Turkey

By Metin Munir in Ankara

CITIBANK, one of Turkey's principal creditors, has formally applied to open a branch in Turkey. Citibank is the first foreign bank to make such an application since Mr Suleyman Demirel's free enterprise Government announced in January that Turkey would start allowing foreign bank branch operation as part of a new drive to attract foreign investments.

The Foreign Investment Promotion Department attached to the Prime Ministry said that Citibank's application was found "favourable." The application would be submitted to the Cabinet for consideration after the Ministries of Commerce and Finance commented on it.

In its application Citibank requested authorisation to deal in Turkish lira as well as foreign currency, accepting lira deposits locally and foreign currency from abroad. It also asked to benefit from rights granted to foreign capital investment so that it would be able to remit its profits.

The bank did not indicate how much capital it planned to bring to Turkey. Citibank's decision to take the lead in entering the Turkish market has been interpreted by Turkish officials as a manifestation of the bank's confidence in the medium-term recovery of the country, which is in the grip of a severe economic crisis.

Danes move to curb rising payments deficit

BY HILARY BARNES IN COPENHAGEN

A PLAN to channel DKr 5bn (2384.3m) a year, equivalent to the total new investment in manufacturing industry last year, to the corporate sector from insurance companies and pension funds was one of the central points in a major economic policy programme announced by Prime Minister Anker Joergensen yesterday. The object of the policy is to curb the country's rising current balance of payments deficit.

Increased taxes on petrol, oil and electricity and cuts of DKr 8bn in projected public spending for 1981 were the other main points in the programme, which will mean a drop in real private consumption by 3.7 per cent this year and 1.2 per cent in 1981 with gross domestic product falling

by 0.8 per cent this year and rising by 1 per cent in 1981.

Mr Joergensen told a Press conference that unless the present trends are altered, the balance of payments situation will become "very dangerous."

The current balance of payments deficit would rise from DKr 15.6bn in 1979 to DKr 25bn in 1983-84 without Government intervention, he said.

Finance Ministry projections indicate that the proposals will not prevent the current account deficit from rising to DKr 16.3bn in 1980, but it should come down to Kr 12.4bn in 1981 and gradually fall to about DKr 7bn by 1984.

First however, the minority Social Democratic Government has to carry the measures through the Folketing (Parliament).

All the other parties are sceptical of the programme in varying degrees and political observers do not exclude the possibility of a breakdown in the Parliamentary negotiations and a midsummer election.

In addition to the plan to channel pension fund money as risk capital to the business sector, (details of the scheme are yet to be worked out), the Government proposes modifications of the tax on gains realised by the sale of shares, and improvements in depreciation allowances. Price and profit margin controls are also to be eased and the amount of foreign exchange loans made with the Government guarantee against exchange rate losses will be increased.

In spite of an expected 5 per cent fall in real wages in 1980, the Government plans to increase taxes by a net DKr 5bn, including DKr 0.10 (about 4 per cent) on a litre of petrol and similar increases for heating and fuel oil, and an increase of about 12 per cent in electricity charges.

In spite of DKr 8bn cuts in projected public spending for 1981, which will reduce the growth of real public spending from 4 per cent this year to 1 to 2 per cent in coming years, the Central Government's net borrowing requirement (excluding rolling over of loans which fall due for redemption) will rise from about DKr 18 bn this year to DKr 22bn in 1981 (about 5 per cent of GDP) and the gross borrowing requirement will rise from DKr 35bn to DKr 48bn.



Mr. Joergensen: deficit could become "very dangerous."

Cossiga coalition faces regional poll test on June 8

BY RUPERT CORNWELL IN ROME

THE NEW Italian Government of Sig. Francesco Cossiga will go before Parliament for its formal vote of confidence at the beginning of next week. But impending regional elections, whose date has been fixed for June 8, have already emerged as the first real test of his administration.

About 43m Italians will be eligible to vote for 15 regional assemblies, and provincial and municipal authorities throughout the country. The outcome will amount to little less than a referendum on the latest ruling formula of Christian

Democrats, Socialists and Republicans.

A solid performance by those parties would almost certainly reinforce the life expectancy of Sig. Cossiga's second government and take some of the force from the dissident "left-wing" minorities within both Christian Democrat and Socialist ranks.

The reverse, however, would only encourage the latter in their efforts to secure an accommodation with the Communist party, going beyond anything on offer from the right-wing faction in both parties which are currently in the ascendant.

Therefore, it is more important than usual for the new Government to show force and purpose especially in dealing with the economic problems to which much of the Prime Minister's policy programme in Parliament is likely to be dedicated.

If not, there is an evident risk that disenchantment will get in among voters—that, despite appearances, nothing has been changed by the return of the Socialists to government for the first time in six years. This, in turn, is likely to show up in the regional poll outcome.

In this case, the more open line towards the Communists by the Christian Democrat and

Socialist minorities would probably be accentuated by the latest foreign policy shifts on the part of the Communist party.

Since Afghanistan, foreign policy arguments above all have been employed by opponents of the party's demands for government representation. Now, however, a whole host of initiatives has underlined the growing chasm between the party and Moscow.

Having strongly and consistently attacked the Soviet incursion into Afghanistan, Sig. Enrico Berlinguer, the party leader, has earned further attacks from Moscow for the

trip he is to begin on Sunday to China.

Along with its Spanish and Yugoslav counterparts, the Italian Communist party has refused to take part in a conference on detente in Paris summoned, at Moscow's instigation, by the French and Polish Communist parties.

In the meantime, the Italian party is pressing ahead with its efforts to promote a so-called Euro-left. Sig. Berlinguer has held meetings with Herr Willy Brandt of the West Germany Social Democrats, and M. Francois Mitterrand, leader of the French Socialists.

Apel backs Australasian claims to EEC markets

BY JONATHAN CARR IN BONN

NEW ZEALAND and Australia have won strong support from Herr Hans Apel, the West German Defence Minister, for greater access for their farm produce exports to the European Community market.

In an interview on his return from a visit to these countries, Herr Apel stressed that the ability of both to play an effective military role in their region depended not least on their earnings from exports to Europe.

Both countries have long complained that the operation of the European Common Agricultural Policy (CAP) greatly hinders their sales, not only to the EEC but also to third markets when European farm surpluses are sold off at subsidised rates.

Herr Apel said he planned to bring up New Zealand's particular export problems with his Cabinet colleagues and also with Ministers in France (which benefits in particular from the CAP) and Britain.

As for Australia, Herr Apel noted that Europe would need its raw materials and energy resources in the next decade. It was therefore wise to support the existing political friendship with a policy of economic reason.

Quite apart from these points, it is clear that West Germany stands to gain from military sales to both countries. The Leopard tank has already been delivered to Australia and it is understood that both the Canberra and Wellington Governments are interested in purchasing German frigates of the F122 class.

Becker adds from Auckland: Dr. Christopher Van der Klaauw, the Dutch Foreign Minister, said yesterday that the growing disenchantment over



Herr Apel: stressing the military role

subsidies paid to European farmers could help New Zealand exports to the Common Market.

Dr. Van der Klaauw, on a six-day visit, said there was a growing feeling among Europeans that something had to be done about the high prices their farmers were getting for their produce.

The farmers were over-producing because they got so much in subsidies. If they cut back, it could help countries like New Zealand to get a fair proportion of the European market, he added.

New Zealand agricultural exports would certainly not be excluded from the EEC when its agreement was renegotiated at the end of this year, he said. The Netherlands felt New Zealand must have fair access.

Strikes planned in Sweden

BY VICTOR KAYETZ IN STOCKHOLM

SWEDEN'S blue-collar union federation, the Landsorganisations (LO), yesterday rejected an appeal by government-appointed mediators to end its 12-day-long overtime ban.

It also announced plans for limited strikes affecting retail trade, fuel and energy supply, and air and sea traffic if private employers go ahead with a one-week lockout of 750,000 of LO's 2m members on Thursday.

Earlier in the day the main private-sector employers' organisation (SAF) said that if the LO ended its overtime ban, it would lift its lockout threat.

Negotiations on wages reached a stalemate last month after the SAF declared that beyond automatic rises, there was no room for any pay increases during the rest of 1980. The LO then presented pay claims averaging 11.4 per cent.

Soviet Union starts up 600MW fast reactor

BY DAVID SATTEN IN MOSCOW

THE Soviet Union announced that the 600 MW-Beloyarsk prototype fast breeder reactor, the largest of its type in the world, went into operation yesterday at a site about 25 miles from Sverdlovsk, the industrial capital of the Urals.

Moscow is basing its long-range planning for nuclear power on the fast breeder reactor because it converts "waste" uranium into plutonium, another nuclear fuel. In this way it can obtain 50-60 times as much energy from uranium ore as present-day reactors.

The Beloyarsk reactor is the third component in a complex which also includes two pressure tube reactors with generating capacities of 100MW and 200MW. It is cooled by a pool of molten sodium metal of a

design similar to French and British prototype fast reactors. It differs from a smaller 120MW fast reactor at Shevchenko on the Caspian Sea which is of a loop-type design and was commissioned in 1973. This has generally operated well, although like the British prototype it has suffered from pinhole leaks in critical welds.

Soviet planners envisage widespread use of fast reactors in the 1980s, and design studies are currently being undertaken for a 1600MW commercial-size fast reactor.

The Beloyarsk reactor was expected to go into operation some time in 1979, and there were reports of a fire at the site during construction. Tss made no mention, however, of any problems in commissioning the reactor.

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THE IRAN CRISIS

Few illusions that sanctions will bite

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

U.S. Administration officials are under no illusion that the sanctions invoked by President Carter on Monday will have either a quick or deep impact on Iran.

Two of Mr. Carter's four measures—the complete severance of diplomatic relations and restrictions on Iranians entering the U.S.—were perhaps somewhat tougher than had been expected. But they were the least the President could do, given mounting public pressure on him to be less passive in the face of Iranian provocation.

The third part of the package, the imposition of a complete trade embargo, is largely

symbolic. U.S.-Iranian commerce had in any case dwindled to next to nothing in recent months. U.S. sales to Iran in February, of little more than a couple of million dollars, are only 1 per cent of the normal volume of trade during the period up to the Shah's departure.

The final element, the compilation of an inventory of Iranian assets frozen in the U.S. last November (believed to amount to about \$8bn), and a list of possible American claims against Iran, including those that may be made by families of the diplomatic hostages, broaches an extremely

sensitive legislative and legal area that may take a long time to resolve.

Treasury Department officials admitted on Monday night that they had barely begun work on some of the issues both of principle and practice that would have to be embodied in any legislation proposed to Congress.

In effect, all that has been predetermined is that the liabilities of the Iranian Government (not its private citizens and not the U.S. holdings of the deposed Shah) may be requisitioned.

Historical precedent demonstrates that it may take years

for claims on foreigners to be finally settled. Chinese liabilities, for example, were only met last year, 30 years after China's assets had been frozen by the U.S., while none of the outstanding Cuban debts have been paid.

The U.S. courts remain open to any who wish to challenge the validity of the President's decision. The President has already found out in the crisis with Iran that the U.S. courts, the third arm of the U.S. constitution, have the independence to pass separate judgment on what he proposes.

Officials here concede that on both the diplomatic and commercial side, a key element remains the extent to which U.S. allies are willing to co-operate with the American sanctions.

In his brief statement on Monday, Mr. Carter made no special appeal for such co-ordinated international action, confining himself to a vague promise to "consult" with the allies both on his present measures and on any others they may still take.

Later, officials hinted that other countries might be asked to cut their imports of Iranian oil and even to cut their own diplomatic ties with Iran, as well as to restrain commerce.

If Mr. Carter ultimately has recourse to a naval blockade of Iran—a clear option if the impasse continues—then it is assumed here that the allies will go along.

The Administration, which has been much criticised for failing to develop with the allies concerted responses to both Iran and the Soviet invasion of Afghanistan, intends to try to convince its friends that it has tried every reasonable means to secure a peaceful negotiated solution, but that this phase has come to an end.

The ultimate sanction, of course, lies in the use of military force. A senior White



U.S. guided by instinct for plunder says Tass

By David Satter in Moscow

THE U.S. decision to break off diplomatic relations with Iran was not the result of concern for the American hostages, but was guided by "undisguised imperialist interests," Tass, the Soviet news agency, said yesterday.

In its first reaction to the U.S. moves, the news agency said that the Iranians do not refuse to release the U.S. hostages, and have in fact expressed readiness to solve the crisis "as soon as the U.S. shows a constructive approach to Iran's legitimate wishes."

The U.S., however, was intent on carrying out a "policy of plunder" and Tass accused President Jimmy Carter of a "gross forgery" in referring to a UN Security Council resolution on the hostages issue—dated January 19—which was vetoed by the Soviet Union.

Russia has sought to maintain good relations with Iran through the crisis over the U.S. Embassy hostages despite Iranian criticism of the invasion of Afghanistan, and the recent breakdown of price negotiations over shipments to the Soviet Union of Iranian gas.

Tass accused the U.S. of resorting to "military-political blackmail" against Iran by concentrating naval forces in the Indian Ocean and the Gulf. The U.S. was failing to show "patience and restraint," it added.

No attempt had been made to remedy the "true causes" of the strained relations between the U.S. and Iran. On the contrary, the U.S. was moving to legalise the confiscation of Iranian property and to create a legal basis for U.S. citizens to make any claims against the Iranian Government, and to have them satisfied.

New Zealand to reopen Tehran Embassy

By Dai Hayward in Wellington

NEW ZEALAND is reopening its Embassy in Tehran, Mr. Robert Muldoon, the country's Prime Minister, announced yesterday.

The New Zealand embassy was closed some weeks ago when it became known that New Zealand assisted the Canadian Government in organising the escape of six American diplomats hiding in Tehran.

Mr. Muldoon said the embassy would now resume its normal functions. Mr. Christopher Beeby, the Ambassador, who left Iran hurriedly when the Embassy was closed, is returning.

Reuter adds from Melbourne: The Australian Government will review diplomatic and economic ties with Iran, Mr. Andrew Peacock, Foreign Affairs Minister, announced yesterday.

Japan forced to move cautiously on Bandar Khomeini

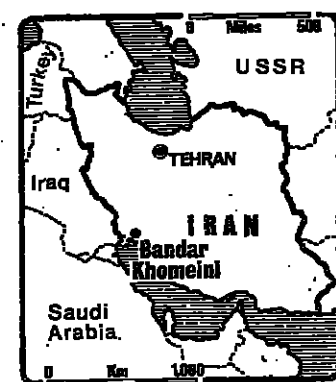
BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE AMERICAN diplomatic break with Iran has obliged Japan to move cautiously in re-starting the \$3bn petrochemical project at Bandar Khomeini in southern Iran. The project, already 85 per cent complete but in limbo for over a year, is by far the largest Japanese venture in the Middle East.

It is important for both the Mitsui group and its Iranian joint venture partners (the state-owned Iranian National Petroleum Company) that work at Bandar Khomeini be resumed and completed before the end of 1981. But resumption at any time in the next few weeks could be seen as a slap in the face for the U.S.

The project at Bandar Khomeini (known as Bandar Shapur until a year ago) was first conceived in 1968. The plant will use natural gas to produce 300,000 tons of ethylene per year.

The project was originally ex-



pected to cost \$500m at pre-1973 values but is now budgeted at \$3bn. This figure includes \$750m worth of excess interest payments and other charges incurred during a construction delay caused by the Iranian Revolution early last year.

Mitsui officials expect work to start again during the summer with the first part of the project,

a natural gas separation plant, due for completion as early as September, but before this can happen, claims and counter-claims must be settled between the Japanese companies and the Iranian authorities. Japan must convince Iran of its "sincerity" in wishing to resume work at the site as quickly as possible.

Until Iran is satisfied with Japanese "sincerity," it is refusing to negotiate on the claims of Japanese construction companies. These involve alleged cost overruns and demands for guarantees against compensation claims by dismissed workers. The Iranians have

informally said they will be satisfied that Japan really intends to re-start work when 300 Japanese workers are on site at Bandar Khomeini, compared with the 70 there today and the peak Japanese workforce of 5,000 before the Mitsui group suspended operations.

Mitsui hopes to have the required number of men at

Bandar Khomeini by the end of May. But they may have to stretch this schedule to avoid offending American sensitivities. The U.S. has never called on Japan to abandon the Bandar Khomeini project but it did request full participation by Japan in the economic sanctions against Iran when these were being considered in early January. Japan's view that Bandar Khomeini should be excluded from any sanctions is known to the U.S. But the Americans have not said whether they agree to the exclusion.

The success of Bandar Khomeini could be crucial to Mitsui and Co., the Mitsui group's trading arm which owns 45 per cent of Iran Chemical Development Company, the Japanese partner in the joint venture, and even to Japanese oil supplies.

Mitsui and Co. originally held a ¥10.8bn (£19.6m) capital stake in this company, but increased it to ¥16bn as part of an emergency refinancing package last year. It has also guaranteed about ¥80bn worth of loans (out of a total of ¥160bn) worth of private Japanese loans and a grand total, including Japanese government loans, of ¥250bn.

A total loss of the Mitsui stake is not on the cards, since Mitsui is fully insured. Under a Japanese Government overseas investment insurance scheme, Mitsui could collect on 90 per cent of its exposure. The remaining ¥10bn or so would be equivalent to about 60 per cent of Mitsui and Co.'s operating profits in a normal year.

Apart from the insurance it has provided, the Japanese Government has also been involved since last autumn, through an official soft loans agency called the Overseas Economic Co-operation Fund. Under last year's emergency refinancing, which increased the available money from ¥550bn to ¥730bn,

the co-operation fund agreed to put up 40 per cent of a ¥50bn increase in the Japanese capital stake in Iran Japan Petrochemical Company, the Bandar Khomeini operating company. The first instalment of this increase was paid last week and amounted to ¥7bn, with ¥2.8bn of the total coming from the co-operation fund.

The Japanese Government agreed to become directly involved with Bandar Khomeini last autumn after convincing itself, first, that extraordinary measures were needed to reduce the after-effects of the Iranian revolution, and second, that Japan had an interest in staying on good terms with Iran, which supplies 13 per cent of Japan's oil imports. Both these points are as valid now as they were six months ago, but a third factor has entered the picture. Bandar Khomeini could test Japan's ability to pursue its own interest in the Middle East without alienating the U.S.

OVERSEAS NEWS

Tokyo plans mission to Mideast

BY RICHARD C. HANSON IN TOKYO

A SENIOR official from the Japanese Finance Ministry will visit several Middle East oil-producing countries later this month, the Ministry confirmed yesterday.

Speculation is also growing that Japan will resort to a special yen bond issue to be placed with main oil producers, such as Saudi Arabia, as part of its effort to bolster the sagging yen.

Finance Ministry officials would only say that Mr. Takehiro Sagami, Vice-Minister of Finance, International Affairs, will not carry with him any "concrete" proposals for attracting oil money into Japan.

It is believed Mr. Sagami will stop by the oil countries on his way back from a preparatory meeting in Italy on April 16-18 for the upcoming Venice Summit.

The need to attract funds into yen has become more urgent since the yen began dropping sharply against the dollar. It also appears that the long-term capital inflows which have helped narrow the country's overall balance of payments deficit since January, are beginning to slacken off because of the attraction of higher interest rates in the U.S.

The inflows of capital have been primarily into the short-term bond repurchase market, known as Gensaki, amounting to over \$1.6bn in January-March.

Some members of the financial community in Tokyo feel that the Government will be forced to follow the lead of West Germany in inducing a large amount of funds from the Arab oil producers. Since last November, Saudi Arabia



Mr. Takehiro Sagami

has bought about ¥50bn in Japanese Government bonds. These are on a short-term

repurchase agreement basis. The Press is reporting that the Government is planning on selling about ¥50bn in Government bonds to the oil producers each month, perhaps on a one-year repurchase agreement basis. The Government would sell the bonds from the stocks held by the Bank of Japan.

The amounts involved in such a scheme would probably be insufficient to have a sharp impact on either the foreign exchange market or the balance of payments. There are also limited supplies of the shorter remaining maturity Government bonds which carry yields high enough to attract Arab investors.

Because of this private bankers are recommending that the Government create a special "chira" yen bond

Cuban refugee policy sought

By William Chislett, recently in Havana

FOREIGN MINISTERS of the five Andean Pact countries—Venezuela, Colombia, Ecuador, Peru and Bolivia—met in Lima today to discuss a possible joint policy towards the thousands of Cuban refugees who have moved into the Peruvian embassy in Havana. Peru is unwilling to allow all of them to enter.

In Miami, where the majority of the population is of Cuban descent, there have been demonstrations in support of an estimated 10,000 men, women and children who have crowded into the 20-acre embassy grounds.

On Monday the Cuban police again sealed off the area around the mission to additional refugees and started to provide food and hygiene facilities. President Fidel Castro visited the embassy yesterday and repeated assurances that those Cubans who wanted to leave the country will be given exit permits.

The Cuban decision to allow so many people into the Peruvian embassy is seen as a gesture of irritation at the action of several Latin American embassies, notably the Venezuelan, in giving asylum to those wanting to leave Cuba, and disregard in particular for the Government of Gen. Francisco Morales Bermudez, the Peruvian President.

Cuban-Peruvian relations, which a decade ago were close when Gen. Juan Velasco was President and an active figure in the non-aligned movement, have cooled as Gen. Morales has moved Peru towards more conservative domestic and foreign policies. Peru is not seen as a potential oil exporter to Cuba, which Venezuela might be.

The Cuban President doubtless saw the Peruvian embassy, too, as an outlet for those who are most resolutely opposed to his government.

Tremendous advances have been made in the social field in the 20 years since President Castro took power, with free schooling and medicine. But Cubans still have to cope with shortages in other areas. There is food and clothing rationing and very few consumer goods to buy.

The invasion of the Peruvian embassy underscores the feelings of resentment among part of the population. In Cuban terms, they are quite well off but they are frustrated by the regimented quality of life.

These feelings have been heightened by the Government recently opening the doors to tourists and also allowing Cuban exiles who left in the 1960s to return to visit their families.

Tourists are very hospitably received in Cuba for the country badly needs as much foreign exchange as it can get. Russia supplies it with oil at about half the world price and pays Cuba well over the international price for its sugar exports, but still Cuba as balance of payments problems.

Sadat begins Middle East talks in Washington

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT ANWAR SADAT of Egypt and President Jimmy Carter yesterday began two days of negotiations which are important both for the progress towards Palestinian autonomy on the West Bank and in Gaza and for Mr. Carter's domestic political standing.

Mr. Sadat's visit precedes by a week that of Mr. Menachem Begin, the Israeli Prime Minister, and is likely to prove much the easier of the two sessions. It is possible that all three heads of state may confer together before the May 26 target date by which it had been hoped agreement on the form of Palestinian rule would be reached.

Egyptian officials accompanying Mr. Sadat are emphasising that he does not view the May 26 date as absolutely sacrosanct, but that he must be given assurances of Israeli flexibility sufficient to enable the negotiations to continue beyond that date.

One such assurance could be freeze on new settlements in an Israeli commitment to a new settlement in the occupied territories during the five-year transition period to full Palestinian autonomy. Mr. Sadat hopes that President Carter will be able to persuade Mr. Begin of the virtues of this idea.

But there also appears to be a recognition in the Egyptian camp of the political constraints currently on the U.S. President.

Mr. Carter would undoubtedly like to embellish in the eyes of the American electorate his greatest foreign policy achievement to date—the Egyptian-Israeli peace treaty—by ensuring further progress in the bilateral negotiations.

But the domestic political consequences of being rebuffed next week by Mr. Begin could be severe. Thus, it is felt Mr. Sadat will not ask Mr. Carter for what the U.S. President cannot deliver at this stage.

For his part, Mr. Carter has every reason to be extremely grateful to President Sadat. In

the last few days, American newspapers and television reports have been deluged with eulogistic commentaries on the Egyptian leader.

But, as the New York primary last month demonstrated, no U.S. politician can tilt policy against Israel with impunity. Senator Edward Kennedy, staking his all on the Pennsylvania primary two weeks from now, has lined himself up behind the traditional Democratic position of standing foursquare with Israel on questions concerning its security.

Sharp rise in Hong Kong money supply

HONG KONG'S broadly-defined (M3) money supply rose 2.8 per cent in February, while M2 rose 3 per cent, and M1 by 1 per cent. At the same time, banks loans and advances increased by 4.6 per cent, Philip Bowring reports.

Though the rates of increase mostly fell below those in January, they contradict persistent Government claims that the situation is under control and that various exceptional factors are to blame for sharp rises in money and credit. Bank loans are now more than 40 per cent up on a year ago.

Guerrillas return

Almost 2,500 of Joshua Nkomo's ZIPRA guerrillas have returned to Rhodesia over the past week, diplomats said yesterday, Reuter reports from Salisbury.

The guerrillas returned to their homeland over the Victoria Falls Bridge and were believed to have been armed. They are being housed at a former refugee camp on the Gwasi River in Western Rhodesia.

Sakhalin project go-ahead likely

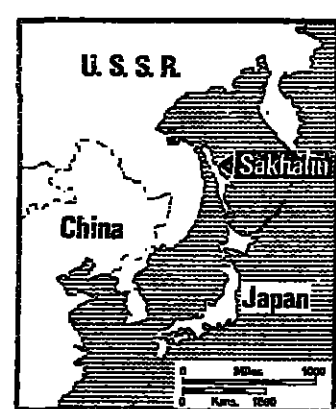
BY OUR TOKYO CORRESPONDENT

THE U.S. is not expected to raise objections to resumption of work on a Japanese-Soviet oil and natural gas development project in the continental shelf off Sakhalin, an island in the Soviet Far East.

Work stopped last autumn for the winter, before the invasion of Afghanistan by Russian troops prompted the U.S. to call for sanctions against the Soviet Union.

U.S. and Japanese officials said the American Government was in the final stages of deciding whether the Sakhalin project should come under such sanctions. The U.S. is leaning towards allowing Japan to go ahead, but such approval will probably not take the form of any informal pronouncements.

U.S. approval is critical because much of the exploration rig equipment is of U.S. manu-



facture and requires serving by American contractors. Japan has been co-operating with the Soviet Union on the project since 1974. Work could resume later this spring if Washington agrees.

Some progress may also be made on resolving the deadlock over exports of large diameter steel pipe for natural gas development in Hiberia from the big Japanese steel companies.

Negotiations have been held up since the Soviet action in Afghanistan because the medium-term credits for the exports normally would be extended by the Export and Import Bank of Japan.

The Japanese government is watching carefully for the West German reaction to private application for Government export insurance on large pipe sales to the Soviet Union.

If West Germany approves the insurance, the Japanese Government would be inclined to drop its ban on official backing for the exports from Japanese companies. The private steel companies are believed to be attempting to arrange private financing, to which no objection is being made.

Shell, Gulf sign Kuwait contracts

BY PATRICK COCKBURN

KUWAIT has signed new oil supply contracts with Royal Shell and Gulf Oil, two of its largest customers. A new contract was signed with British Petroleum at the end of last month.

Both Shell and Gulf will get substantially less oil than under the old contracts. Shell will purchase a basic 75,000 barrels a day for two-and-a-half years at the official Kuwaiti price and supplementary supplies of

100,000 b/d at a premium of \$5.50 a barrel extra.

Gulf will similarly receive 75,000 b/d for two-and-a-half years, but will not receive any supplementary supplies at a premium price. A Gulf Oil official in London said the question of supplementary purchases was not discussed with the Kuwaitis.

All three oil companies have seen their contracts volumes drastically cut. BP will in future get 150,000 b/d compared to 450,000 b/d previously. Shell's previous contract was for

360,000 b/d and Gulf's for 500,000 b/d.

From April 1, Kuwait cut its total oil production by 25 per cent from 2m barrels a day. Oil Ministry officials confirm that gas output is to be cut by a similar amount.

The officials also said that the deadline for talks with the French oil companies, Compagnie Française des Pétroles and Elf, is the end of June. The companies are negotiating for 85,000 b/d.

OPEC will consider crude price in June

BY KIM FUAD IN CARACAS

THE ORGANISATION of Petroleum Exporting Countries will not discuss crude oil prices until June, when it holds its ordinary mid-year conference in Algiers, according to Humberto Calderon Fierro, the OPEC President.

Dr. Calderon said yesterday that prices are not on the agenda of the extraordinary

meeting of OPEC oil ministers to be held next month in Taif, Saudi Arabia.

The Venezuelan Energy Minister noted that crude oil prices had not been as strongly affected by soft market demand as residual fuel oil in recent weeks. Venezuela, which normally ships about 600,000 barrels per day of residual oil to U.S.

east coast markets, has been forced to make two successive price cuts to face declining demand.

Officials report that the price cuts have improved residual sales, which had fallen to about half their normal level. Refining runs, however, remain about 30 per cent under 1979 levels of 1m b/d.

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Nott emphasises UK support for free trade in note to TUC

BY FRANK GRAY

BRITAIN would not rule out import controls on certain materials but the Government remains emphatic in its support of the free flow of goods into and out of the UK, Mr. John Nott, the Secretary of State for Trade, said yesterday.

In a letter to Mr. Len Murray, the general secretary of the Trades Union Congress (TUC), reiterated the Government position that "distortions and bottlenecks" in the economy, which would reduce efficiency.

In addition, he said, controls would be:
● Deprive British manufacturers of supplies of imported equipment and materials, on which success in the home market might depend.
● Divert British exports back into the home market to satisfy domestic demands.
● Raise prices, thereby fuelling inflation and restricting consumer choice.

His letter, in response to a TUC economic committee statement in mid-March expressing concern over Britain's 1979 trade deficit, said that Britain was "not ruling out import controls in limited and particularly difficult areas."

He pointed to the various restraints Britain had imposed which affected textiles, elec-

tronics and cars, and the import restrictions on U.S. polyester filament and nylon carpet yarn. Mr. Nott added: "I certainly believe strongly in vigorous action through the Community against dumped or subsidised imports."

But a general policy of import controls was "very much the wrong road" for a nation as dependent as Britain is on the growth of world trade.

"We can hardly encourage that growth by inhibiting it ourselves," he said.
The heart of the problem remained Britain's lack of competitive capability, particularly in vehicle production.

Britain's share of world trade had been constant at about 9 per cent in the last six years, and if the motor vehicle industry were excluded, the export-import ratio last year deteriorated by only 1 per cent from the previous year.

In addition, the Government had pledged a further £300m of investment funds in 1980-81 to B.L. 40 per cent of whose sales went overseas.

"But the major concern is to improve productivity and performance in this industry," Mr. Nott said. "For example, Ford's substantial imports into the UK could be reduced if the company could produce more in its UK plants."

BP loses NZ fuel plant bid

By Dai Hayward in Wellington

BP HAS lost out in a bid to build a multi-million dollar methanol plant in New Zealand following New Zealand Government approval of a rival scheme put forward by the state-owned Petro-Corporation in conjunction with Alberta Gas of Canada.

The Alberta Gas-Petro project will cost at least NZ\$150m (£56.7m). It will start production in 1983 producing 400,000 tonnes per year.

The BP scheme would have provided for production of 2,000 tonnes of methanol a day, compared with the 1,200 tonnes daily from Alberta Gas-Petro.

A factor in the Government decision was the belief that the quantity produced by BP would be more than the market could absorb and that there was less risk with the Alberta Gas-Petro project.

Alberta Gas will hold 49 per cent of the new project, and Petro-Corporation will have an as-yet undecided share holding going to other New Zealand participants.

This is the second major energy decision made by the Government recently. In March it gave the go-ahead for a NZ\$500m synthetic petrol plant, which, like the methanol plant, will be based on the use of natural gas from the Maui field

Porsche plans new Lada models

BY LESLIE COLTIT IN BERLIN

THE PORSCHE motor company is to develop two new models of the Soviet-built Lada car, which has been produced since 1971 under a licence from Fiat. Porsche yesterday confirmed Soviet reports that an agreement was signed with Avtoimport to develop the new front-wheel drive Lada models, which will start rolling off assembly lines at Togliattigrad in 1983.

The company said development work would be carried out at the company's research centre in Weissach, which is used by a number of international car companies.

A Porsche representative expressed surprise that the Soviet side had breached the discretion normally surrounding such agreements, and said this was probably a result of "political motives." Since the U.S. announced its trade embargo against Moscow, the Soviets have been unusually eager to publicise their contracts signed with Western companies.

Although Lada last year sold more than 100,000 of its low-priced cars in Western Europe, the original model is decidedly dated. After Soviet automobile technicians have

met with Porsche representatives to discuss technical problems, several Lada cars are to be sent to Porsche for testing and development work.

Porsche is also said to be developing air-cooled diesel engines, to be built at the Gorki automobile works, as well as a Wankel engine of between 90 and 160 horsepower for cars, and a car body plant to produce the Lada.

Construction of the Volga Automobile Works at Togliattigrad was started by Fiat in 1966. Production began in 1971. Fiat is said to have been

negotiating with the Soviets on expanding current production capacity of some 750,000 units. Five production lines for the welding of bodies, as well as equipment for a spare depot, have been provided by the Kuka company, in West Germany, to speed up production.

Renault has been the only other Western car manufacturer to co-operate with the Soviets in car production, signing agreements worth some FFr 350m (£38m) to modernise and enlarge the Moskvich factory at Izhevsk.

Soviet-built cars to be launched in U.S.

BY JOHN GRIFFITHS

SOVIET-BUILT Lada cars are to be launched in the U.S. next year with the intention of gaining sales of 50,000 a year by 1986.

Yatra Corporation, the New York-based company which controls imports of the cheap Lada cars into the UK and West Germany, has confirmed that it will build an import and preparation centre at Savannah, Georgia, to handle the cars.

Work on the \$14m centre, expected to employ eventually 350 people, is expected to start later this year.

Satra has held the concessionary rights to the U.S. market from the Soviet agency Avtoexport for five years. But,

although it announced plans for a U.S. distribution operation as far back as 1978, the cars have had to undergo lengthy safety and emissions programmes in the U.S., for which Satra built its own laboratory in New Jersey.

A first-year sales target of 5,000 has been set. Only the larger engine 1.6 litre cars, based on former Fiat models, are expected to go to the U.S., together with the four-wheel-drive Niva cross-country vehicle.

The Niva, an entirely Soviet design, has already met with considerable success in Europe, and in West Germany is a best-seller, accounting for nearly half of the four-wheel-drive

market. In the UK, Lada accounts for 1.3 per cent of the overall car market.

Lada has been working with Borg Warner in development of an automatic transmission for its cars which is likely to be installed at the Lada factory itself, at Togliattigrad. But other major modifications for the U.S. market, such as air conditioning and Federal specification bumpers, will be undertaken at Savannah.

A revised version of the Lada saloon is due to be launched next year, with an entirely Soviet-developed front wheel drive, 1 litre "hatchback" car also due to make an appearance in 1982 in Europe.

The Togliattigrad plant turns out about 700,000 cars a year, 300,000 of which are exported—about 125,000 to the West. Of these, Canada has been taking up to 10,000 a year—not, however through Satra—and Canadian sales next year are expected to more than double.

Ladas have intermittently been the subject of dumping allegations, most recently by Sir Michael Edwards, chairman of B.L. The U.S. Government has already given its approval to the cars' import, however, and Satra said yesterday that, given its proposed job creation at Savannah and the sourcing of components in the U.S. it did not anticipate difficulties.

Mexico to sell oil to Canada

By William Chislett in Mexico City

MEXICO has agreed to sell to Canada 50,000 barrels a day of oil and to gradually raise the exports to a maximum of 100,000 b/d.

The contract for the oil will be signed during the visit of Sr. Jose Lopez Portillo, the Mexican President, to Canada in May.

The starting date is not known but it is believed that Canada will be receiving about 100,000 b/d by next summer.

Canada has been courting Mexico for its oil for more than a year, but Pemex, the State oil monopoly, said it was unable to promise any crude within its 1.1m b/d platform, as it was all committed.

Mexico raised its oil production platform by 10 per cent last month, so releasing more oil for export.

Alcohol-powered cars went on sale to the Brazilian public for the first time last week, amid protest from the makers at the Government's refusal to authorise prices 10 per cent higher than petro-drive vehicles.

The models on sale are Volkswagen's Passat, Ford's Galaxie and Corcel, General Motors' Chevette and Fiat's 146.

U.S. lending legislation hampers China credit

HONG KONG—Extension of U.S. credit facilities to China remains hampered by legal requirements on lending limits, despite the virtually complete removal of other bilateral obstructions, Mr. Tim Williams, China analyst at the Bank of America, has said.

In an article in the American Chamber of Commerce magazine, he noted that "U.S. Banks' lendings to a single customer are limited to no more than 10 per cent of its surplus funds."

Thus, he said, the limit for the Bank of America, for example, would be only about \$350m (£164m).

"In most cases, this would not present a problem, as very few customers require obligations of this magnitude," Mr. Williams said.

"Because of the nature of the Chinese economy, however, all loans to Chinese entities must be considered as being to a single borrower."

With the size of China's borrowing requirements, the lending limits could clearly be reached quite quickly.

Mr. Williams noted one way around the problem was for loans to be syndicated.

The second would be to identify alternative borrowers in China.

But Mr. Williams added: "There is, as yet, no method of demonstrating that a particular Chinese province, ministry, or corporation has the independent financial means to repay loans extended to it."

"Thus, until such ability can be demonstrated, all loans to China by any one U.S. bank would be aggregated and considered as obligations of the central Government."

Even without legal lending limits, it could be argued the U.S. banks would still regard their China loans as being to one customer, because of the lack of financial information on individual entities, he said.

Because of this, most banks had adopted a policy of requiring a Bank of China guarantee for any loans to China.

Such a guarantee satisfies the requirements of the U.S. banks, but insofar as the guarantee creates an obligation for the Bank of China, this method clearly has the same effect as the legal lending limits in restricting loans to China to a single customer," he said.

Reuter

Recession in European truck trade predicted

By Kenneth Gooding, Motor Industry Correspondent

A SHARP recession in the truck markets of Europe is inevitable this year and will continue in 1981. Then growth is expected to resume again, reaching a cyclical peak in 1983-84, according to forecasts by Economic Models, the London-based consultancy group.

In their third report on the European truck market—taking in six of the major markets: Belgium, France, Germany, Italy, The Netherlands and the UK—the consultants predict that the total commercial vehicle market will fall by 11 per cent to 916,545 units in 1980.

This follows good growth in 1979 when the European market, represented by the six countries, rose by more than 10 per cent to 1m for the first time. Only France and The Netherlands failed to achieve double figure growth rates.

This year's fall will be most serious in the light and medium-van sectors which are expected to fall by more than 13 per cent—light vans from 325,000 to 282,000 and medium vans from 452,000 to 392,000.

The fall should be less serious in the two truck sectors, which should pick up in both France and Italy after some years of being badly depressed.

Registrations of light rigid trucks in the six markets are forecast to fall from 163,000 to 157,000 while those of heavy trucks from 81,000 to 86,000 between 1979 and this year.

The European market is predicted to peak again in 1984 at just over 1m, but by 1985 each sector of the truck market will have firmly started to decline.

Heavy trucks will be the fastest-growing market rising from 91,000 in 1979 to a peak of 102,000 in 1984, the consultants suggest.

The consultants believe France and Italy offer the best scope for future commercial vehicle growth.

After declining in 1980, Belgium, Germany and the UK are each forecast to remain fairly flat during the period with little or no growth and even at their peak remaining well below their 1979 best.

"Europe Trucks Forecast Report," Economic Models, 30, Old Queen Street, St. James's Park, London SW1H 9HP.

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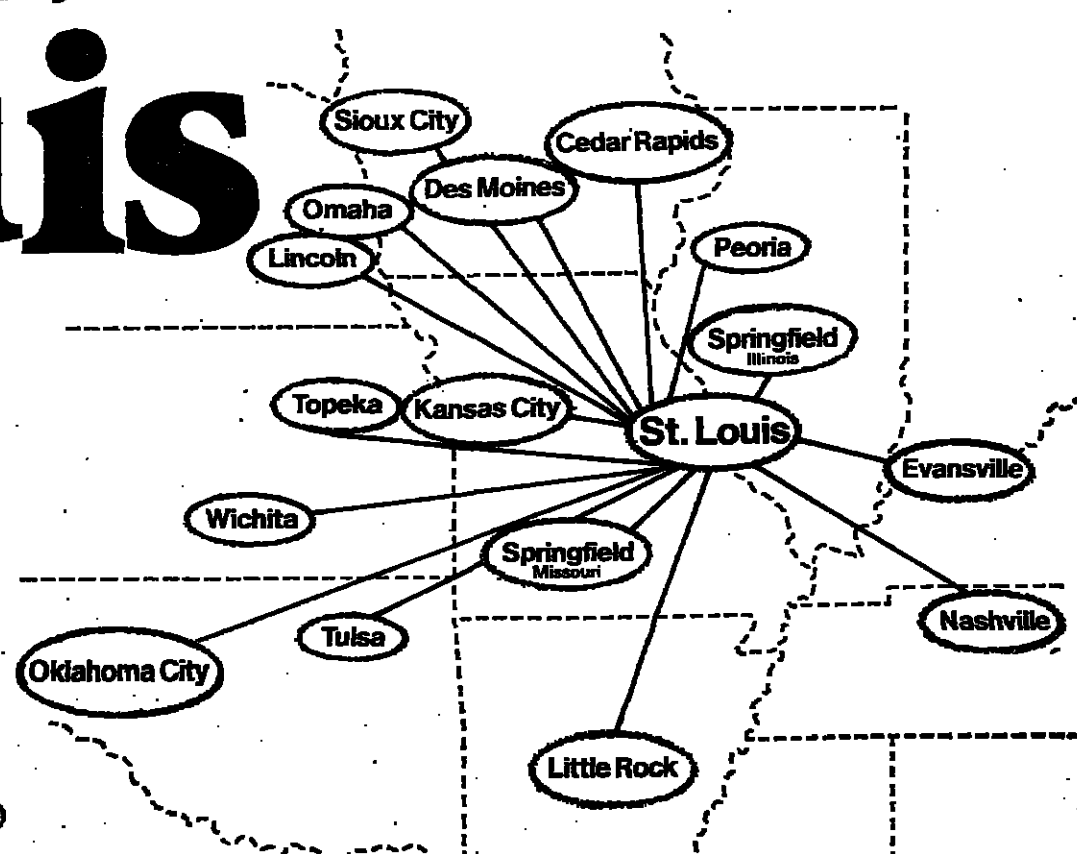
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UK NEWS

Road hauliers urged to cut their fleets

BY LYNTON McLAINE

SEVERE RATE-CUTTING and higher diesel prices have forced the Road Haulage Association to call on its 15,000 company members to reduce their vehicle fleets to match demand.

Hauliers are cutting rates because demand for road haulage services is not growing this year.

They were urged by the association yesterday to "sell or de-lisence" part of their lorry fleets.

Members of the RHA have up to 300,000 vehicles. The association would like this cut by about a tenth. Britain has an estimated total of more than 1.6m goods vehicles, according to the Transport Department.

Mr. John Silbermann, chairman of the association, said that selling vehicles would "benefit the industry as a whole." Earlier he said that "harsh, ruthless competition for an inadequate amount of work" had caused a severe drop in haulage rates.

Steel strike

The low growth in demand reflects the slump in industrial activity. This was reduced further in the 13-week steel strike when lorry operators were forced to lay up more than 10,000 vehicles which normally account for almost 75 per cent of iron and steel movements in Britain.

At the end of the strike, the underlying demand failed to recover sufficiently to give all hauliers work.

The association believes that the current round of rate-cutting will have an adverse effect on the haulage industry at a time when operating costs are rising rapidly.

Its strategy, now being unfolded by Mr. Silbermann, is that all operators should make some small sacrifices, by cutting their fleets, so that the worst

effects of the slump in demand are mitigated. Nevertheless, some bankruptcies are expected, particularly among the smaller operators with only two or three lorries.

Hauliers' operating costs rose 22.5 per cent last year, mainly through higher fuel and wage costs. At the end of the year, 6 per cent of this had not been recovered through higher haulage rates.

This was largely because operators were unable to pass on immediately higher local authority rates, interest charges and the higher costs of capital equipment. Increased resistance from customers to higher rates

at a time of low demand for haulage services also contributed to the shortfall in recovered costs.

Costs have continued to rise this year, regardless of the low level of demand. The steel strike, which forced thousands of lorries normally used for steel transport to attack other markets, coincided with a 35 per cent rise in diesel fuel costs.

This included the rise in duty imposed in the Budget, and led to a 3 per cent rise in hauliers' daily operating costs.

Not all members of the association have passed these increases on to customers as a fuel surcharge, Mr. Silbermann told members in London.

Illegal drinking 'major problem'

BY GARETH GRIFFITHS

UNDER-AGE drinking has become a major problem, with at least one in seven youths aged between 15 and 17 consuming alcoholic drink in public houses regularly, according to a survey by the Mintel marketing report.

The report is based on a survey of 1,000 men. In the 15 to 19 age group, 38 per cent said they visited a public house every week, and in the 20 to 24 group 62 per cent went weekly. Landlords, who can lose both their licenses and their jobs if convicted of serving alcoholic drinks to customers aged under 18, are calling for identity cards to be held by young drinkers. One suggestion is a modification of the National Insurance card.

Mr. John Overton, the National Union of Licensed Victuallers' chief executive, says the main line of defence against under-age drinking is the experience of landlords in spotting culprits.

The main source of supply for

under age drinking is still the public house. Supermarkets account for a very small proportion, says Mintel.

The Brewers' Society and the brewing industry generally is sceptical of Mintel's figures, saying under-age drinking is not a major problem. For three years the industry has been committed to a major educational project on drinking among teenagers. Material has been distributed among 8,000 schools and many pubs.



CHAMPION motorcyclist Barry Sheene took to the Thames track yesterday to try out what is described as the first motorbike on water. Called a Wetbike, it is powered by a 50 hp 723 cc

Sprint outboard engine and aquaplanes on the surface of the water.

A special flotation system makes it unsinkable. In the event of a fall, the cord connecting the rider to a cutoff

safety switch breaks away. Top speed is more than 30 mph. The front ski suspension acts as a shock absorber. The tank can take six gallons. The Wetbike costs £1,995, plus VAT.

North seeks EEC presence

THE SITING of a major EEC institution in the North of England is being urged by the Campaign for the North, the all-party pressure group seeking greater devolution to Britain's regions.

The group claims in a letter to the North's 21 European Parliament members that the region has been largely forgotten in the dispersal of Community institutions, which have now spread from Brussels, Luxembourg, and Strasbourg to such centres as Munich (Patent

Office) and Florence (University Institute).

These institutions provide career openings, bring in money, prestige and talented people, and in various other ways help to disperse power, claims the campaign's director, Mr. Paul Temperton.

The campaign is also urging that all EEC policies—and contributions to the budget—should be costed on a regional basis. It points out that while Britain's net contribution to the Community is large, the burden is likely to be proportionately

greater in areas such as the North which stand to gain less from the Common Agricultural Policy than farming regions such as East Anglia.

If the European Commission is not prepared to make the necessary calculations the European Parliament should use its own research facilities to establish a reasonable estimate, it says.

"We confidently expect that the North Country, one of Europe's poorest regions, is paying out most per head," says the letter to MEPs.

Textile researchers widen their scope

BRITAIN'S textile research association are having to increase their efforts to find new sources of business and to reorganise their own activities as contraction in the textile industry quickens.

The Manchester-based Shirley Institute, which has expanded its work overseas and with other industries, is dropping its now largely unused official title, the Cotton, Silk and Man-made Fibres Research Association.

In Leeds, WIRA, formerly the Wool Industry Research Association, has added clothing and carpets to its speciality areas of expertise, and is planning a move to a new and smaller site in the city with the aim of releasing funds from the sale of its existing premises.

The two organisations' financial results for 1979 show a continuing growth in dependence on contract income from special projects undertaken specifically for companies or for the Government. In Shirley's case, this amounted to £735,000,

a 35 per cent increase on the previous year.

The members' contributions (£174,000) were up only a little, and income from technical services (£380,000) was marginally down. The Government-backed Garment and Allied Industries Requirements Board (GARB), provided a further £206,000, and total income reached £1.67m.

Expenditure, helped by inflation, rose even faster, however, leaving a deficit on revenue account of £11,534 and on capital account of £12,511.

Dr. Philip Smith, the chairman, says in his report that the Institute could play an increasingly important role in helping large sections of British industry to improve its record of innovation—a key area of weakness.

Other areas where Shirley has specialised in recent years include energy conservation and usage and re-usage of raw materials. The Institute has recently appointed a new director, one of whose main

tasks will be to step up the marketing of the services it can offer.

WIRA's report reveals a surplus, after depreciation, of £34,512 compared with £103,454 in 1978. Income was up from £1.3m to £1.58m with fee-paid services now contributing 38 per cent. Income from the statutory levy on companies in the wool industry now represents only 28 per cent in income, with most of the remainder coming from GARB.

Mr. Roy Stroud, WIRA's chairman, says future emphasis will have to be placed on making the association's work fully commercial.

As part of this strategy, three new divisions—textiles, clothing, and development—have been formed, each of which will operate as individual profit centres. WIRA's move to buildings previously occupied by Alexandre, the tailors (part of the UDS group), is expected to start in June and to be completed within seven months.

Mr. Stroud warns in his report that UK textiles will have to become more flexible

and aggressive to survive.

"Basically, we have not taken advantage of the market consisting of 250m people which opened up to us when we ratified our membership of the EEC in 1975," he says. "On the other hand, our partners in the Community have taken full advantage of our membership."

● Britain's wool textile exports rose by 22 per cent in January compared with the same period last year to reach a total of £35.9m. Wool cloth accounted for £13.3m, 17 per cent more than in January 1979 and 7 per cent more in volume.

The industry's most important market last year for sales by value was Japan, which purchased goods worth £50.8m. Other big markets contributing to the industry's total export sales of £409m were West Germany (£43.5m), Italy (£39.7m), Ireland (£34.1m), France (£27.3m), U.S. (£25.6m), Canada (£17.3m), Belgium (£16.3m), Hong Kong (£11.4m), and Denmark (£10.4m).

EEC countries accounted for roughly 45 per cent of overseas sales.

Arthur Smith on a depressed industry

'Export to Europe' drop forgers urged

THE DROP FORGING industry, in which around half of the 23,000 workers are on short time, is being urged to expand sales to car assemblers within the Common Market.

Car imports from the EEC, not Japan, present the real problem for Britain, said Mr. Ted Leybourn, president of the National Association of Drop Forgers and Stampers.

He stressed the importance to forgers of a strong BL and domestic motor industry, which traditionally takes half of output for use in cars and commercial vehicles.

"We must increase our sales to car producers in the EEC who are supplying our markets with finished goods," he said.

The industry has already made progress overseas, increasing exports by 27 per cent last year to take total output to more than 450,000 tonnes—an increase of 8.3 per cent on the previous year.

The UK accounts for almost a quarter of the annual EEC output of more than 2m tonnes of drop forgings, but faces more depressed conditions than its main European competitors—West Germany (750,000 tonnes), France (450,000 tonnes) and Italy (350,000).

The low level of UK activity—plant being utilised at only around 55 to 60 per cent capacity—owes much to the poor performance of the domestic motor industry.

Over the past 20 years the output of the UK vehicle industry has dropped 4 per cent, while production has climbed 78 per cent in West Germany and nearly 130 per cent in France.

The best domestic growth areas in recent years have been the aerospace industry—up 15 per cent in 1979—and oil and gas pipelines and installations. While the best that can be

hoped for the UK car industry is that the decline will be halted, there is optimism about prospects for the commercial vehicles sector.

"Some recovery in demand from the tractor, off-road vehicles, and earth-moving equipment sectors, helped to lift output last year—but from a low base; 1978 deliveries were the lowest for 20 years."

Mr. Leybourn remains optimistic that production levels this year will be similar to 1979, but sees little prospect of an early end to the extensive short time working.

The industry, whose principal raw material is steel, was inevitably affected by the recent strike. Supplies were never the serious problem that had been feared, but the strike has undoubtedly hit confidence.

The unusual feature of the industry—admittedly one that has become used to the vagaries of the trade cycle—is the belief that short time working will not lead to significant redundancies or closures.

The labour force has been reduced by only a couple of thousand in recent years and the number of companies remains virtually unchanged at around 95.

Guest Keen and Nettlefolds, with six companies, each operating in competition with each other, is by far the biggest operator, accounting for around 55 per cent of total output. The group's forging exports worth more than £25m last year, with the U.S. market particularly important.

Small forging companies have withstood the downturn well, showing the flexibility to switch markets and minimise costs.

The main pressure is likely to be on medium sized companies employing 300 to 400 people.

Power station will not use South Wales coal

BY MARTIN DICKSON

HOPES that Didcot power station, Oxfordshire, might become an important new customer for the troubled South Wales coalfield have been dashed by the Central Electricity Generating Board.

The CEBG has told the National Coal Board's South Wales area that its coals are insufficiently volatile for use at Didcot, which consumes 3.5m to 4m tonnes of coal a year, about 25 per cent of it imported through Newport and Cardiff.

In South Wales, the Coal Board, faced with a slump in demand from the steel industry, had hopes of replacing some of the imports going to Didcot, even though Welsh power stations have to be specially adapted to burn the low volatility local coals.

A Coal Board spokesman said yesterday: "We have to respect the CEBG's technical judgment in this matter, but we shall continue to see if ways and means can be found of getting round this problem."

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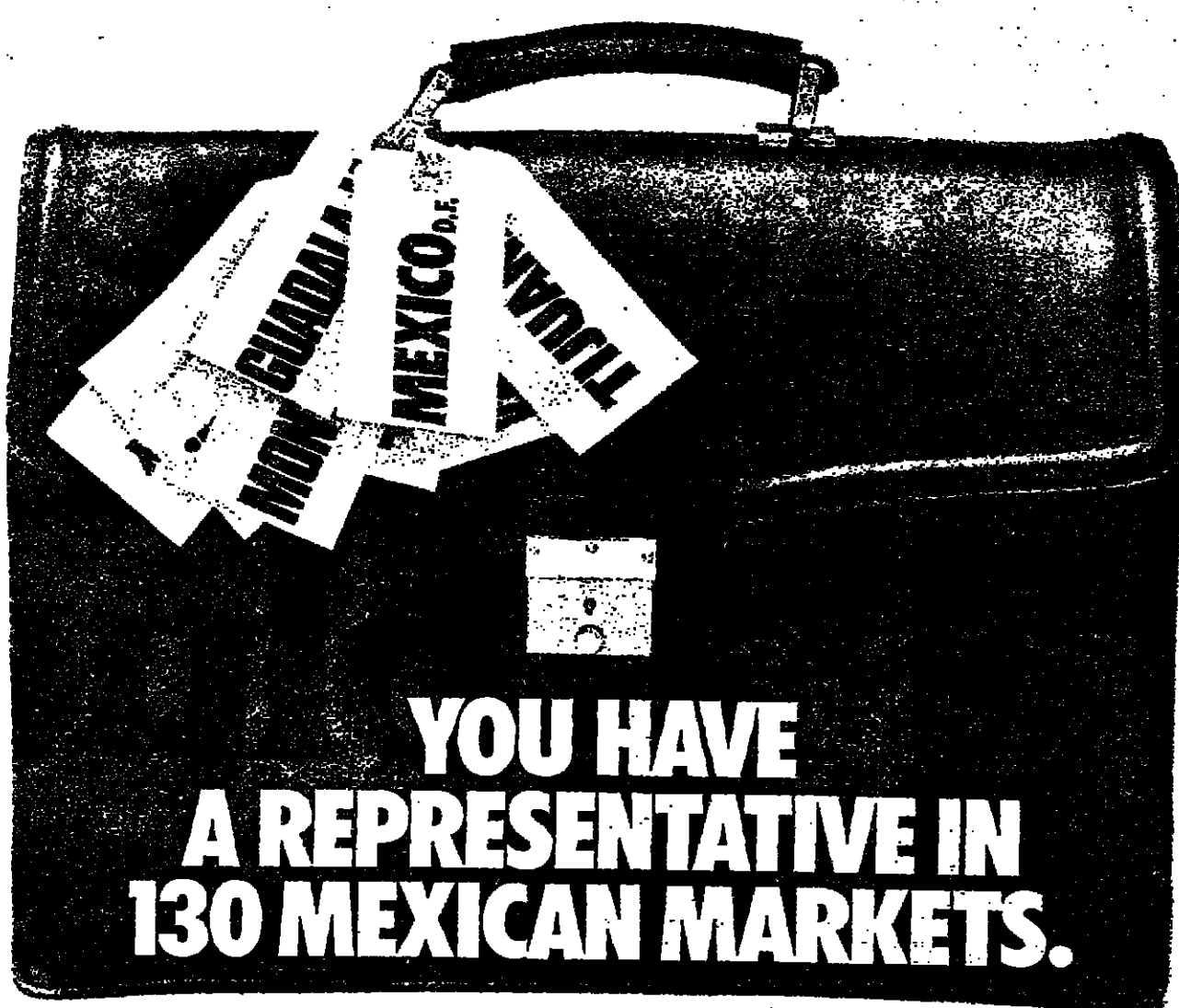
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مكتبة العمل

Aid urged for electronics components industry

BY ELAINE WILLIAMS

THE NEED for Government support of the electronics components industry is greater than ever, says the latest sector working party report to the National Economic Development Council published today.

The report points out that the Government has cut at least \$15m from Labour's support programme for the components industry, but the working party maintains that the industry's future success depends on "at least the initial levels planned by the last Government."

If the industry is to improve its quality and output, it needs to rationalise its product lines and introduce more robots into manufacture.

In the past, some types of components, particularly for the television industry, have been criticised for their low quality compared with components from other countries, notably Japan.

The report urges closer co-operation between equipment manufacturers and component makers to help the industry produce the types of component that the equipment manufacturers need. At the same time, equipment makers should "place more emphasis on micro electronics" to make their products more reliable and versatile.

This was because "there is evi-

dence that British equipment manufacturers are lagging behind industrial rivals in the latest component technology."

The working party was disappointed that the Government had failed to recognise the importance of optoelectronics, a rapidly developing section of semi-conductor technology and a key one for the future. Optoelectronics use light sources, including lasers to transmit information in conjunction with more conventional electronic components.

The working party says that its proposals for a \$40m support programme by the Department of Industry remains essential if the UK optoelectronics industry

is to flourish. But the Government has no intention of formally supporting the industry. The working party has therefore, decided to explore the possibilities of encouraging the growth of optoelectronics through public procurement policies.

The components industry employs 128,000 people, half of them women, in more than 500 companies. In 1978 output was valued at £1.1bn with a trade deficit of \$40m. But, overall, Britain's export market has improved slightly with manufacturers exporting 51 per cent of output in 1978 compared with 50 per cent in 1977.

Answering machines rule change

A WARNING was issued yesterday against imported telephone answering machines which are not approved by the Post Office.

Ansafone, the market leader in rented telephone answering machines, said many people who buy unapproved machines will find that the Post Office will refuse to allow them to be used. If they are used, the telephone service may be suspended.

The problem has arisen because the Post Office has relaxed its rules about the sale of the machines. Since April 1 purchasers have been allowed to connect approved machines to the telephone system. Before that only approved machines for rental from authorised suppliers were permitted.

But Ansafone says unapproved companies are now marketing unsuitable foreign equipment.

Kenneth Gooding on a £7.65m takeover as components suppliers reorganise for the '80s

Brakes off in the truck market

BENDIX CORPORATION is the latest of the big U.S. automotive component groups to reorganise its European operations in preparation for the changes expected in the 1980s.

As the car and truck makers gradually set up their world component supply chains, their outside suppliers are following suit.

Bendix yesterday completed a £7.65m deal through which it gained control of Bendix-Westinghouse, a UK business in which it previously had a 50 per cent stake.

That might not seem a big deal, in either sense of the phrase, but it marks a turning point for Bendix.

"We have wanted to buy Bendix - Westinghouse for years," said Mr. O. Lee Henry, executive vice-president of Bendix Automotive.

Bendix claims to be the world's foremost supplier of truck air brakes. But it wants to do much better in the UK and Continental Europe, where it does not have market leadership in the same way as in the North and South American markets.

Bendix-Westinghouse will provide the base from which it hopes to make the change.

"But will require a lot of money and it is better to have 100 per cent control before you start spending," said Mr. Henry.

Bendix-Westinghouse was set

up in 1970 in Bristol and has about 1,500 employees. The brakes it produces incorporate Bendix technology and Bendix has been responsible for the management.

Under the terms of its contract with Westinghouse Brake and Signal, the other joint owner, Bendix had the right to buy the UK business should control of WBS change hands. This clause was activated after Hawker Siddeley acquired WBS for \$38m almost exactly a year ago.

Control

There has already been substantial recent investment in the UK company.

Different types of air brake systems are used on the Continent and in the UK. In order to compete in the rest of Europe from a British base, Bendix-Westinghouse has spent £2.2m on a product line which is interchangeable with Continental systems.

Now the American parent has Bendix-Westinghouse under full control, Mr. Henry promises: "The British business will double during the next five years. That includes the number of people we will employ."

Expansion will not necessarily all take place at Bristol even though there is physically room to expand the plant.

"It is extremely difficult to get skilled labour in the area. But we will spend significantly

at Bristol before we think of expanding anywhere else."

He made it clear that the existing management team will carry on.

The automotive sector is one of six key areas on which Bendix is basing its future thrust. The others are forest products, machine tools, aerospace, electronics, aftermarkets, and natural resources (via a \$128m, 20 per cent stake in Asarco, one of the world's leading producers of primary metals).

Automotive operations accounted for roughly half Bendix's income in 1979: \$1.85bn out of a turnover of \$3.85bn and \$17.5m of operating profit from a total of \$350.5m.

As part of what it describes as its "global positioning" last year Bendix reorganised its automotive division to make it a unified world organisation.

Up to now the division operated facilities outside North America largely to supply local automotive manufacturers. It has now been welded into an organisation which gives Bendix a worldwide sourcing capability.

Two executive vice-presidents, Mr Henry and Mr J. Mason Reynolds, were given responsibility for all automotive operations which are now set up along product lines.

Mr Reynolds has responsibility for those components for

passenger cars, including brake, steering and related products under the general description EACSG (Bendix Automotive Control Systems Group).

Mr Henry runs BHVCG, or Bendix Heavy Vehicle Components Group, which makes air brake systems and components for heavy trucks and off-road vehicles.

In Europe it seems that Bendix-Westinghouse is to be the manufacturing base for BHVCG, always providing that the pound does not become ridiculously overvalued.

The BACEG base will continue to be DBA, in France. In preparation for this Bendix is also currently engaged in a tidying-up operation and is to but the 7.7 per cent of the shares it does not already own.

A streamlining of DBA has already taken place with the disposal of its 51 per cent shareholding in Ruessler, the French vehicle electricals company, to Lucas of the UK and Ferodo of France, and its rubber and plastics businesses have been disposed of.

Bendix is also extending its automotive electronics know-how to Europe via Renix, a joint venture with Renault in France. Renix's plant in Toulouse was completed at the end of last year and is scheduled to begin production this summer.

The French plant will make engine management systems, in-

cluding cruise control which enables a vehicle to be automatically held at a pre-selected speed.

Electronics is a high-risk business where the technology moves at a rapid rate. Bendix is cutting the risk by sharing the cost in Europe with a major customer, Renault.

All engineering of the system will be completed by Bendix in the U.S., overcoming the problem that Renault's rivals will not want it to know about their future programmes.

Competition
The major customers for Bendix-Westinghouse are the two Scandinavian truck makers, Scania and Volvo.

Its main competition in the UK comes from Wabco and Clayton Dewandre, both subsidiaries of another U.S. group, American Standard. On the Continent, the German end of Wabco as well as Knorr, Grau and Bosch, all German-based, as well as Fiat, in Italy, provide the major challenge.

The European truck markets are not expected to grow in volume terms because there is a move to heavier vehicles which can carry more. So competition would in any case have been severe among the brake systems suppliers without Bendix's determination to grow and grow fast.

Pressure on Joseph over Immos factory

FINANCIAL TIMES REPORTER

THE NORTH-WEST Industrial Development Association has written to Sir Keith Joseph, Industry Secretary, restating its case for setting up an Immos microelectronics factory in the North-West.

The letter comes amid uncertainties over the future of Immos, a National Enterprise Board subsidiary set up to make advanced components.

Mr. Arnold Tweedale, the association chairman, says in the letter: "Although the Immos research and technology centre has been located in Bristol, this should not be allowed to prejudice the original commitment by the NEB to site the

production facilities in assisted areas."

There has been continuing delay in obtaining Government approval for a second £25m grant that Immos needs to set up its first factory in the UK, which it wants to site in Bristol. Last week it was discovered that the delay was due partly to the fact that the General Electric Company is having discussions with the Government about the possibility of a link with Immos.

GEC already has a joint venture with the U.S. semiconductor company, Fairchild, which was recently taken over by Schlumberger, the French oil services company.

Racal subsidiary opens factory at Warrington

BY ELAINE WILLIAMS

RACAL-MILGO, a subsidiary of the Racal Group, is opening a manufacturing plant at Chesford Grange in Warrington today to make equipment for the telecommunications industry.

The company has taken over a 35,000 sq ft factory previously used by Racal Communications, which has now centred its manufacture in Berkshire and Kent. The 130 employees at the factory have been retained and more staff may be taken on before the end of the year.

The Warrington plant is to make modems—which turn computer and other data into a form

which can be transmitted down an ordinary telephone line. Next January, Racal-Milgo will manufacture an advanced micro-processor version of the modem and other associated electronics.

Until now, the company has made all its products in the U.S. The British-made equipment will be distributed through another new facility based in Hoot, Hants.

Racal-Milgo is part of the £100m Racal Data Communications group which also includes Racal-Vadic based in California, Racal-ESL and Racal Information Systems, both UK-based.

Councils in plea over 'late' education charges

BY ROBIN PAULEY

THE INNER London Education Authority is being asked to give the inner London councils more warning of what its annual rate demand is likely to be.

ILEA charges inner London authorities for the education services it provides but does not usually announce how much it wants until February when many councils have already worked out their budget plans.

Last year the ILEA rate collected by the Greater London Council, as a precept, was not increased. This year it was put up by 11p or 25 per cent to 54p.

The London Boroughs Association said yesterday that

announcing such a hefty rise late left the London councils in an impossible position. There was no reason why a meeting could not be held with ILEA in November at which at least an indication of the likely charge for the next financial year could be made.

The boroughs also have to meet two other charges from their rates—the precept for the GLC and for the Metropolitan Police. These are also announced late but are much smaller than the ILEA charge.

In 1979-80 the authority's net revenue expenditure was £461m and capital expenditure was £18m. In 1979-80 revenue expenditure is expected to have reached £514m.

Consumer groups urge fuel scheme extension

FINANCIAL TIMES REPORTER

CONSUMER groups are worried that elderly people and small children—who both need heat and are potential victims of hypothermia—may suffer from a cold winter because they receive no state aid to help meet their fuel bills.

The chairmen of the Electricity Consumers' Council, the National Gas Consumers' Council and the Domestic Coal Consumers' Council—respectively Mr. Michael Barnes, Prof. Naomi McIntosh and Mr. David Tench—say they welcome recent increases in fuel-bill assistance, but argue that many needy people still do not qualify for such aid.

They have written to Mr. Patrick Jenkin, Social Services Secretary, urging him to intro-

duce a comprehensive fuel allowance scheme to widen the scope of assistance—presently restricted to recipients of supplementary benefit, state pensions and family income supplement.

Those not qualifying, say the consumer groups, include old people on low incomes who do not receive supplementary benefit, and families in work but on low income and not receiving family income supplement. People below the age of 70 and receiving supplementary benefit also need help, they say.

They propose two alternative compulsory allowance schemes. One would give people a basic allowance of free fuel to meet part of their needs; the other would pay a rebate on fuel bills incurred.

SOME DRINK PROBLEMS REQUIRE COMPUTER SOLUTIONS...



...SO WE GOT A DATA GENERAL ECLIPSE

Around seventeen years ago, in a small town a few miles north of Edinburgh, a group of local licensees decided to get together and start their own buying and distribution business.

At that time their head office was a back room in a grocer's shop. Today, FORTH WINES' annual turnover of wines and spirits is approximately £40 million.

How did they cope with such rapid expansion?

John Cran, M.D.: "Despite careful planning and looking ahead, the computer systems we had were continually being outstripped by the growth in our business, and for a while processing pressures were considerable."

After much careful research, Graeme Blundell, Data Processing Manager, recommended that the answer to his company's problems lay in DATA GENERAL'S ECLIPSE system.

"From a programming viewpoint," says Graeme, "The deciding factor in the ECLIPSE's favour was the obvious superiority of its software, which not only makes the system

fast, flexible and easy-to-operate, but also gives us a virtually unlimited capacity for growth."

Now in daily use the ECLIPSE system has turned FORTH WINES' business into a smooth controlled operation. Customers' telephone orders are keyed straight into the system as they're given, invoices and despatch notes are printed automatically when requested, and all records including stock levels are updated instantaneously.

Sandy Smith, Office Manager: "Our girls were more than a little apprehensive about using the video terminals at first, but within a few days they'd adapted so completely that they were badgering Graeme for additional programmes! None of us can imagine being without the system now."

It all sounds great. But what happens when the system goes wrong?

Graeme: "Basically it doesn't! In 2 years we have had few hardware malfunctions. Reassuringly though, on the odd occasion when I have rung Data General with a problem, they've been round in an hour with their sleeves rolled up. I can't fault

their Field Engineer Service!"
John Cran: "Data General have been very impressive. They even delivered the system 6 weeks ahead of schedule. And gave us all the help we could possibly have wished for. All in all, ECLIPSE has been a tremendous success."

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UK NEWS

Private housing starts drop 19%

By Andrew Taylor

PRIVATE housebuilding has dropped sharply since last autumn, reflecting the continued squeeze on building society finances.

Environment Department figures published yesterday show private-sector housing starts fell by 19 per cent in the three months to the end of February, compared with the previous quarter.

They were 4 per cent down on the corresponding quarter a year ago, when building work was reduced to a minimum by severe weather.

Public-sector starts were 11 per cent higher than in the previous quarter, 6 per cent higher than a year ago. This reflects the low level of starts in the autumn and winter last year.

Overall, housing starts were 9 per cent lower than in the previous quarter and unchanged on activity a year ago.

The outlook for public-sector housing continues to look grim—following the further proposed cutback in Government housing expenditure in 1980-81, confirmed in the expenditure White Paper last month.

MP calls for more by-passes

HISTORIC TOWNS are being "shaken to pieces" by juggernauts, Mr. John Farr, Conservative MP for Harborough, said yesterday.

He will ask Government to switch resources from building "empty, wasteful new roads" to providing by-passes to save Britain's architectural heritage.

Disclosure rule hits Press

INVESTIGATIVE journalism in this country has always been inhibited and circumscribed by a host of legal restraints. The laws of libel, gagging writs, private court hearings, temporary injunctions pending the full (and often far off) trial, the Official Secrets Act and D Notices have provided a formidable armoury for those anxious to deflect from their activities the light of publicity.

Now another weapon has been added to the armoury by the ruling of Sir Robert Megarry, the Vice-Chancellor, in the High Court last week that Granada Television must name the "person or persons" who leaked to it confidential documents belonging to the British Steel Corporation.

Sir Robert held that the law did not recognise any public interest in the confidentiality of journalists' sources of information being protected. He also intimated that he did not hold the activities covered by "the cant phrase 'investigative journalism'" in as high regard as do its practitioners.

The decision does not change the law, or deprive journalists of any rights they had previously. Indeed, it demonstrates that they have never had any absolute right to protect the confidentiality of their sources.

Sacrosanct

As Sir Robert said, newspapers were for a long while considered as being in a special position as regards being forced to disclose the sources of their information, and that situation led to an assumption among journalists that there was something generally accepted as sacrosanct about their relations with their informants.

Last week's judgment showed that that assumption rested on nothing more substantial than the fact that it had not been

challenged in the courts for a long time.

The court has a discretion, looking at the particular facts in any case, to decide whether to order disclosures. If, as in the Granada case, it decides that disclosure is necessary to avoid injustice, it will order accordingly. If it were to conclude

there were no possible grounds for refusing to accept the proposition that it was in the public interest to preserve the liberty of the Press.

But that was as far as he was prepared to go. The Press, he said, was not in the same category as the police or the National Society for the Pre-

vention of Cruelty to Children (which figured in one of the legal precedents cited in the Granada case), whose major function was to prevent wrongdoing and to take remedial action when it occurred.

The police had a duty, the NSPCC a statutory power. It was recognised that it was in the public interest that their sources of information should be protected.

It is worth noting that, had a ruling like Sir Robert's operated in the U.S. at that time, the White House could have gone to court and obtained an order that the identity of the mysterious "Deep Throat" be disclosed, which would have deprived the Post of its most valuable source of information.

Seventeen years ago, two British journalists were jailed for refusing to disclose their sources of information about the Vassall Inquiry. It remains to be seen whether any Granada journalists, or their superiors, will suffer the same fate.

Reluctant

What is certain, however, is that, if Granada's appeal is unsuccessful, the Press's sources of information—in Government, nationalised industries and elsewhere—will in future be reluctant to talk, knowing that their identities could be revealed as a result of a court order, and their jobs put in jeopardy.

If that happens, investigative journalists will not be the only losers.

RAYMOND HUGHES, Law Courts Correspondent, looks at the restraints on investigative journalism in the light of the Granada Television case.

Challenge

Granada intends to challenge Sir Robert's ruling in the Court of Appeal and, if it loses there, will almost certainly go to the House of Lords.

Its task will not be easy. The Vice-Chancellor's judgment was detailed, carefully reasoned, and founded on sound legal authority.

Sir Robert is not a judge who makes subjective or injudicious comments. On the contrary, his decisions tend to be rather legalistic and with more than a touch of linguistic pedantry, and not generally open to challenge on the ground of legal error.

He acknowledged that there was no difficulty in accepting that much information was given to the Press under a pledge of confidentiality, and that some sources of information would dry up if confidentiality were not to be preserved.

He also accepted that there had been many cases of the Press exposing wrongdoings which might otherwise have remained concealed, and that

Self-imposed

The Press, however, had no more than "a self-imposed duty," which seemed to Sir Robert a slender foundation for extending to it the rule for the police, and the NSPCC.

Investigative journalism was only a minor part of the Press's activities which, to his lordship's mind, were directed more towards entertaining, making money and attracting advertising.

Nor was Sir Robert impressed by the argument that there had been no dishonesty on the part of Granada: or its informant, who had received no money for passing on the documents.

"I find it difficult to see what meaning is to be ascribed to the word 'honesty' if it is to

LABOUR

Another phone bills strike is threatened

By PHILIP BASSETT, LABOUR STAFF

UNION leaders yesterday opened the way for a repeat of last year's action by Post Office computer staff which led to long delays in the preparation of telephone bills.

Last year's action delayed the collection of £1bn in revenue. This increased the public sector borrowing requirement and so was one of the factors which led to November's increase in Minimum Lending Rate.

Last month's public expenditure White Paper confirmed that the Post Office's borrowing this year will be increased by some £300m to replace revenue lost during the 13 weeks of industrial action.

Senior Post Office management staff will meet tomorrow to discuss the decision by the national executive of the Society of Civil and Public Servants which gives authority for action by the union's 6,500 Post Office computer section members.

The executive has deferred taking action until after to-

morrow's meeting of Post Office senior executives, which will form a reply to the union's demand for an increase of about 13 per cent.

Though, unlike last year, the society is unlikely to be joined in industrial action by computer staff members of the Civil and Public Services Association, the Society believes the Post Office is in a poor state to withstand disruption.

Last year the Post Office had the cushion of a large profit. This year, the Society's computer staff are working to overcome the backlog of work from last year's dispute. The society believes that even the withdrawal of goodwill could have a serious effect.

The Post Office has prepared a back-up system of preparing estimated telephone bills to circumvent the holding of data collecting computer centres at Leeds and Harmondsworth, Middlesex.

The society believes that

closing some of the main bill distribution centres rather than the two central bill preparation centres could have a similar effect, although this could lead to much heavier expense for the society because more members would be involved.

The dispute is over an arbitration award to 18,000 supervisory engineers, members of the Society of Post Office Executives, which gave increases of between 21 and 26 per cent.

The society claims this award disturbs a 54 per cent payment promised to its members from April 1 in return for some grade restructuring.

Mr. Terry Deegan, the society's Post Office group secretary, said the union's claim was that the 54 per cent should be recalculated on a new base, which took into account the arbitration award. This would put the payment at about 13 per cent.

Scottish TUC prepares for bitter attack on Government

By CHRISTIAN TYLER, LABOUR EDITOR

A BITTER catalogue of charges against Mrs Thatcher's Government has been prepared for debate at the annual Congress of the Scottish TUC in two weeks' time.

The brunt of the trade unions' attack will be directed against the Government's monetary policy, public expenditure cuts and defence spending.

The Scottish TUC, although increasingly representative of the British trade union leadership as a whole, is traditionally more militant in its advocacy of an alternative economic strategy, whatever government is in power.

This year's agenda, published yesterday, is predictably fierce. Unions and trades councils urge

intensification of the campaign against Government policies, and some want Mrs Thatcher either to change course or put her policies to the test of an early general election. Kirkcaldy and District Trades Council seek demonstrations, industrial strikes and even a general strike if necessary to register union disapproval of the Government's economic policy.

Relations with Opposition are likely to loom large in this assembly, which in recent years has provided useful pointers to the deliberations of the British TUC Congress in the autumn.

The shopworkers' union USDAW is asking for collaboration with the Labour Party on social, economic and industrial

policies—a line which two of the more militant white-collar unions wish to temper by ruling out any pre-election deal on a wage restraint policy of the kind implemented by the last Labour Government.

There are several motions asking for Britain's withdrawal from the Common Market, and the Scottish miners are reviving the idea of a Scottish legislative assembly.

Trade union law reform will be among the most contentious of the issues for debate at the conference, starting in Perth on April 21. The Brigades' Union has gone as far as to suggest a "trade union strike support fund" to counter CBI plans for a strike insurance fund.

Nurses told of 14% pay limit

By PAULINE CLARK, LABOUR STAFF

UNION LEADERS of Britain's 490,000 nurses and midwives were told plainly yesterday that nurses' pay increases this year will have to be contained within the Government's 14 per cent National Health Service cash limit.

Dr. Gerard Vaughan, Health Minister, made the Government's position clear in a radio interview as union and management negotiators resumed talks on pay increases due at the end of this month.

He said the Government would be happy to discuss

nurses' special problems within a wider context. But, for the moment, there was no more money outside the cash limit after the £480m cost of the Clegg comparability award to nurses.

The unions, who expressed great disappointment with the 19.6 per cent Clegg commission award early this year, have demanded a 30 to 35 per cent increase. They argue that 14 per cent is not even enough to sustain the purchasing power of the Clegg award.

The Confederation of Health

Service Employees decided at an executive meeting to call on its members to join in the TUC's day of protest against Government economic policies on May 14.

The 215,000-strong union decided against all-out strike action and will guarantee essential services on the day. Non-essential services, however, will be hit when local branches organise deputations to area health authority offices and other demonstrations against cuts in public spending.

EMA likely to join confederation

By ALAN PIKE, LABOUR CORRESPONDENT

THE Engineers and Managers Association, which has been fighting for the right to represent professional staff in the engineering industry, appears likely to achieve its ambition of joining the Confederation of Shipbuilding and Engineering Unions in June.

Confederation membership would greatly assist the association's development in wide areas of the Engineering Employers' Federation and in British Aerospace, where recognition has been confined to confederation unions.

The EMA applied for membership late last year. Inquiries

have since been made by the confederation's general purposes committee and a final decision will be made by all affiliated unions at the annual meeting in June.

Present indications are that the Amalgamated Union of Engineering Workers engineering section, the Electrical and Plumbing Trade Union and the Association of Professional, Executive, Clerical and Computer staff are among the large unions which have either decided to support the EMA's application or are actively considering doing so.

On this line-up, the EMA's chances of success would be

strong even though the voting intentions of the Transport and General Workers' Union are not yet finalised.

Support for the EMA from the Right-wing-led AUEW engineering section would further strain relationships with TASS, the union's Left-wing white collar section. TASS, the EMA's biggest opponent in the fight to recruit professional engineers and managers, strongly opposed the EMA application.

The EMA decided in principle that it should join the confederation in 1978, although it did not consider the time was right to apply. EMA

Strikers seek shareholder support

By OUR LABOUR EDITOR

STRIKERS at a Huddersfield engineering company are seeking shareholder support in their effort to resolve a five-week dispute about pensions.

Leaders of the 1,600 staff and manual workers at Hopkinsons, manufacturers of power plant valves, have taken local newspaper advertisements suggesting that shareholders intervene at the annual general meeting next month.

Strike leaders say they have

the support of local Conservative MP, Mr. Geoffrey Dickens. His comments on management handling of the dispute are said to have led to a complaint by the deputy managing director to Mrs. Margaret Thatcher.

Mr. Granville Clay, deputy convenor and an executive member of the Engineering Union's white-collar section TASS, said the strikers are being asked to return on conditions that would lead to the

"break-up of trade union organisation" at the plant.

He said the strike had started in response to an attempt to weaken the pension fund. Since then the company had proposed changes affecting pay, grading and shop stewards' representation that made a return impossible.

The company was not available for comment last night.

New jobs plan for teachers

By MICHAEL DIXON, EDUCATION CORRESPONDENT

STEPS TO reserve new teaching jobs for people qualified in mathematics, sciences and crafts were announced by Mr. Mark Carlisle, Secretary for Education and Science, at the National Union of Teachers' conference in Blackpool yesterday.

"This could act as a worthwhile incentive to people wondering whether to train as teachers in such shortage subjects," he said.

The announcement was one of his few remarks heard in silence. His speech was continually interrupted by about

200 militants among the 2,000 delegates.

Although flustered—he twice addressed Mr. Peter Kennedy, union president, as "Mr. Speaker"—Mr. Carlisle bore the heckling with good humour. He did not flinch from tackling topics which, to union members, are contentious.

These included the contraction of public spending on education at a time of financial stringency and declining child population, and the proposal for a clearer definition of a teachers' duties. This was unanimously rejected on Monday.

Mr. Carlisle criticised the dis-

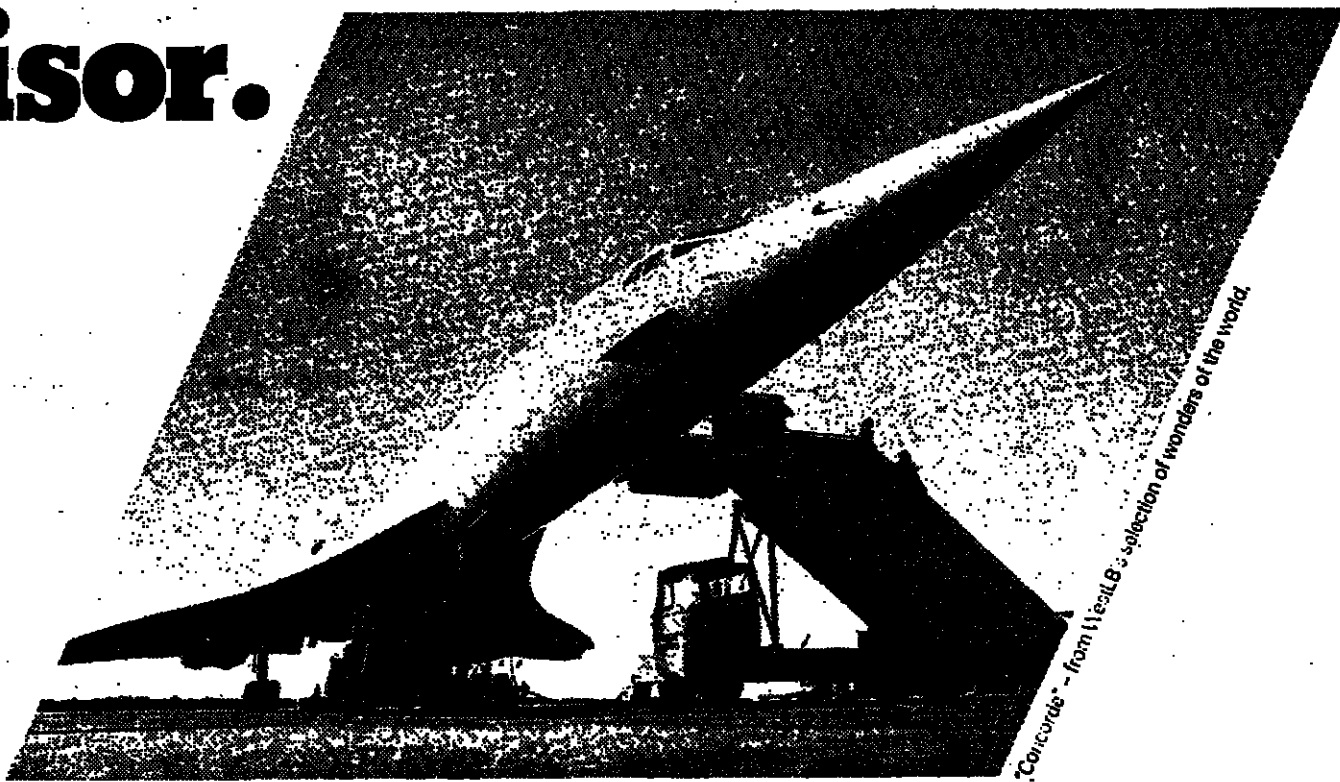
ruption of schooling caused by unions withdrawing members from responsibilities—such as supervising meals—at present regarded as voluntary.

"We have reached the time when a rather more precise definition of a teacher's rights and responsibilities could be helpful both to children and to teachers in our schools."

When Mr. Carlisle sat down, the union president broke with tradition by saying teachers could not achieve the improvements the Government wanted without the extra resources it was denying.

Editorial comment, Page 14

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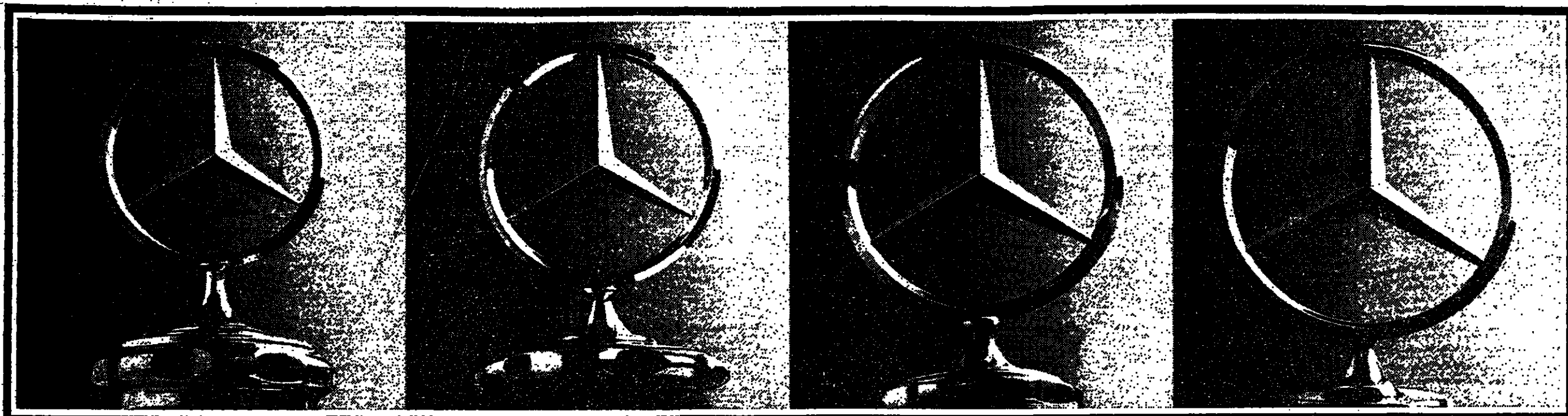
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هنا من العمل

OVER THE YEARS, MERCEDES-BENZ HAVE MADE SOME CHANGES TO THEIR ORIGINAL DESIGN.



1926

Car design may have undergone some changes over the years, but the star on a Mercedes-Benz has never followed short-lived fashions.

Ever since 1926, the star has represented the ambitions of the two men who invented the car.

Gottlieb Daimler and Karl Benz who forty years before had, unknown to each other, both proved that high-speed petrol engines were capable of powering road vehicles.

The name Mercedes belonged to the daughter of the then Austro-Hungarian consul-general who entered his 23 h.p. Daimler in a race which he easily won.

Many more racing successes followed and the name Mercedes very soon became established as the name for all Daimler cars.

Scarcely a decade had passed since the invention of the motorised vehicle before Daimler and Benz wished to regularly test and compare their new vehicles in racing competitions and rallies.

Racing competitions tested the vehicles' speed

1951

and overall performance, rallies tested construction and endurance over long distances.

Their aim was to test the basic features of design in order to build a car that was suitable for every road condition and every traffic situation.

To design a car that would be equally at home in the northern hemisphere or at the equator, on made-up or unmade roads.

Since 1926, when the firms of Daimler and Benz joined together, their aims have gradually been fulfilled.

Over the last fifty-four years Mercedes-Benz have been developing increased engine performance, easier handling, practical comfort and greater safety for the driver and passengers in the event of an accident.

In 1951, for example, Mercedes-Benz were the first to design the safety cell, a rigid compartment with collapsible crumple zones at the front and rear of the car.

The combination of passive safety with active safety is, in itself, a symbol of Mercedes-Benz.

1968

Passive safety helps to avoid injuries in the event of an accident, and active safety gives the driver all possible help to avoid just that sort of situation in the first place.

In 1968, for example, we saw the development by Mercedes-Benz of the semi-trailing swing rear axle.

It was a simple system to ensure maximum road-holding, especially when you are braking and cornering, while maintaining all the benefits of independent suspension.

It was yet another example of Mercedes-Benz continuing to research and develop, and to refine the concept of the motorised vehicle.

Yet another attempt to reach technical perfection, as is every improvement made by Mercedes-Benz.

And that's exactly what the star represents on every Mercedes-Benz you see on the roads in the 1980's.



Mercedes-Benz

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TRANSPORT

Experimental rail system in Ontario

THE CANADIAN Urban Transportation Development Corporation set up by the provincial Ontario government in 1973 is hoping to go ahead with an experimental rail transport system this year in the town of Hamilton, Ontario.

Final approval of its plans are awaited from the federal government for its "intermediate capacity transit system" which uses fast, lightweight electric trains designed for use in suburban areas of cities either above, below or at ground level.

The corporation has already built three prototype vehicles which have been tested at its specially constructed test centre at Millhaven. The vehicles, which have linear induction motors, designed and built by Spar Aerospace of Toronto with a regenerative braking system, will eventually form trains up to 120 ft long. Each train will be able to carry up to 200 passengers.

They are intended for public transport in suburban city areas with the capacity to carry up

to 15,000 people in each direction per hour. The development corporation says this compares with 40,000 per hour for a conventional underground train system and 7,000 for buses or street cars.

Canadaair was appointed general contractor of the system to produce a marketable product. The development corporation was set up to encourage the growth of public transport and to stimulate the commercial application of new technology by private industry.

It is hoped that the planned system in Hamilton will form a showcase for manufacturers for marketing of the system overseas as well as within Canada itself.

If Hamilton is successful, a second system will be installed in Toronto to link up a presently poorly transport-served area of the city to the centre. Even though Canada is a relatively oil-rich nation it is very concerned to reduce public dependence on cars.

ELAINE WILLIAMS

POWER

Electronic motor drive venture

MOST PEOPLE in the general engineering industry will associate the name H. Brammer with mechanical transmissions for industry; the company was built on the production of drive belts for production lines and machine shops and today is one of the biggest distributors of bearings and other transmission components.

But times are changing and the company recently decided that it should have a stake in the variable speed electronic drive market and struck up an association with Holdsworth Electronic Developments.

As a result a new company has been formed, Brammer Dynamics, and is to market a drive for AC motors in which speed control from only a few rpm up to about 20 per cent above the rated speed can be obtained.

Technique used appears to be the same in basic principle as several other market intro-

ductions over the years: the incoming mains is converted to D.C. which is then used to provide power at a variable frequency and voltage to drive the motor, thereby enabling its speed to be altered.

In practice this is performed by three banks of forced-commutated thyristors which are used to switch current in and out of the three motor phases at variable rate and duty ratio and the company claims to have been particularly successful in reducing harmonics and producing a clean sine wave. Thus, full rated power can be obtained from the motor shaft at full speed without any need to re-rate due to the presence of high harmonic content.

The system uses a shaft reference for control purposes and the available functions — speed setting, acceleration and deceleration, reversing and emergency braking — are dealt with digitally under the control

of a micro-processor.

Initially the company is producing a unit that will drive motors up to 7.5 kW (10 hp) but within a year expect to be able to offer 50 hp units.

Since the control system is digital, it offers the ability to control motors via an IEEE 488 bus. In this way groups of motors on different parts of a process could be ideally and centrally controlled for maximum efficiency of the application.

It is also possible to provide facilities which will make the motor speed independent of fluctuations in the load or variations of mains supply.

In addition the drives are designed to produce extra high currents in the windings of the motor at start-up, yielding very high torque and smooth drive at low speeds. Starting up under full load is feasible. Speed synchronism of a number of motors can also be achieved.

The company will be aiming the system, called V-DAC, at both new and retrofit installations. Considerable operational advantage over DC drives is claimed and, in terms both of how drives are used in general and the design of the electronic systems themselves it is evident that worthwhile savings of energy can be achieved.

Opinions vary as to how much, but if it is assumed that over half the electrical energy consumed is in the use of electric motors, even a few per cent of saving represents large sums in terms of prime fuel burnt.

Brammer claims that its control is the first of this kind to be completely designed in the U.K. It will be subcontracting manufacturing initially starting its own production line when demand warrants.

But it will be up against some very well established companies in this field, both UK and international. **GEORGE CHARLISH**

SAFETY

Reduces the spray

SPRAY THROWN up by large vehicles can be subdued, it is claimed, if a new type of rain flap introduced by Monsanto, is fitted.

The device, is a combination of flap and valance, the flap being made from thermoplastic

sheet which, on one side, is covered with polyethylene "blades." Water thrown by the vehicle's tyres is trapped by the "blades" and redirected to the road surface.

Monsanto has called the anti-spray device Clear Pass and the first UK distributor is Dunlop. Clear Pass will be provided in kit form for all leading makes of tractor and semi-trailer. Price of a kit to fit out a 4-axle articulated unit will be about £270.

MATERIALS

Protective coating

EXPOSED areas of yachts and larger vessels can be protected by means of the latest elastomer coating material produced by Ithane International.

It is said to be already in use in Australia to protect the aluminium masts and booms of

yachts and is currently being used on a variety of larger vessels for waterproofing cabins, cockpits and superstructures.

Suitable for spraying by airless spray on to all the usual marine substrates, it will also bond to form a tough, but decorative finish, in heavy-duty coatings which have been applied to the surface for other purposes.

More information about the coating can be obtained from the company at 30 Worthing Road, Horsham, Sussex, RH12 1SL (0276 26466).

PROCESSING

Fast choke winder

SMALL ferrite-cored radio frequency chokes can be wound at rates between 600 and 900 an hour using a rotary indexing machine designed by Rotawinder, Forest Road, Hainault, Essex IG6 5EL (01-501 0921).

The machine has index stations for loading, winding, wire cutting, soldering and ejecting. Ferrite cores up to 120 mm long and 6 mm in diameter complete with axial wire end posts are placed in a chuck at the loading station and positioned by the operator against a stop. Turns are put on at the winding station, the mechanism ensuring that the precise number are always applied, and a few are wrapped round the terminal

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post at each end. The choke is then indexed to a wire cutting station and two consecutive soldering stations where the ends are soldered and the excess solder blown away.

Finished components are unloaded by a friction pad that unlocks the chucks and a jet of compressed air sends the chokes into a chute.

The machine requires an air supply of 80 psi and a single phase mains supply.

HANDLING

Electric stacking truck

A PEDESTRIAN-controlled electric stacker of 1250 kg capacity and called the GEA 12.5 has been added to its industrial truck range by MGC (UK) Sales of Southmoor Road, Wythenshawe, Manchester M23 9DU (061-986 9833).

It has a mast fabricated from cold drawn steel and the stacker is available with two lift heights (2.9 metres and 3.6 metres); two types of mast (telescopic and duplex with full free lift); and two fork lengths (1000 and 1150 mm).

Three different battery combinations may be fitted depend-

ing on whether the application calls for low, average or intensive utilisation.

All the controls are grouped on the steering handle and enable the selection of three forward and reverse speeds. A push button on top of the handle controls the raising of the forks, while a lever on the apron activates the lowering mechanism. A safety key, which is also at the top of the handle can be used to reverse the truck's direction of travel in the event of an accidental manoeuvre.

DATA PROCESSING

New equipment will improve the service

IN A move to improve services, CMG Computer Management has chosen Hewlett Packard equipment to handle the flow of work to and from the group's two twin Burroughs mainframe installations in Croydon and Amsterdam.

The move backed by Systems Research of Michigan is part of the CMG Group's plans to establish the service bureau approach as a strong contender to medium and small stand-alone data processing systems and is in line with increasing user desire to access proven business systems via terminals in their own offices.

CMG, who chose this approach after an investigation into the future of the computer services business, has installed the new front-end processors to improve its remote processing facilities substantially.

Providing the base for the development of CMG's own private communications and distributed processing network for customers, the Hewlett-Packard based SRI/DCS systems have replaced the existing Burroughs B874 front-end equipment at CMG installations. The new front-end processor in the UK is connected to CMG's two Burroughs B3800 processors, while in Holland it operates with B3800 and B3700 processors.

The equipment increases CMG's remote capability by at least a factor of two and enables each installation to support over 400 on-line terminals, as well as continuing to provide batch services to over 2,000 other users.

SRI's FEP system can talk to other mainframes; handle a wide range of terminals; eliminate changes to applications programs; even when changing interfaces and terminals; improve handling and data throughput and halve program development time.

Also offered by CMG to computer installations, as well as to existing information processing clients, is a service, which will be based on the Honeywell Page Printing System, to help many installations cope with printing peaks, as well as reduce investment in equipment, stationery and storage.

The new printing technique

permits high quality printing on conventional office-sized paper and even personalisation and addressing of reports for management use.

Production of computer output using the PPS can be achieved directly from magnetic tape. The system will accept tapes from a variety of large machines.

With the Page Printing System, text has the appearance of high quality printing rather than conventional computer printing. Computer information does not need to be re-typed or photo-reduced before it is included in reports or documentation, and every copy is individually produced and not a carbon copy.

CMG (UK), Sunley House, Bedford Park, Croydon, Surrey, CRO 2AP. 01 681 7631.

Four more terminals

THREE visual display terminals and a high speed bi-directional printing terminal have been announced by Prime Computers (UK) 1 Lampton Road, Hounslow, Middlesex TW3 1SB (01-572 6241).

The VDUs range from £700 to over £1,600 in price and the bottom of the range unit, called Newbury 7002, is a Teletype compatible ISO/ASCII device display 24 lines of 80 characters/line and having 7 x 5 dot matrix characters. Baud rates are from 50 to 19,200 and full or half duplex working can be selected.

The more expensive unit, the Lynwood, is an intelligent terminal based on 16-bit architecture. It offers IBM 3270 emulation and is fully compatible with the company's transaction processing software.

Hycom B is the name of the printing unit; it is capable of continuous bi-directional operation 24 hours a day by virtue of along life ballistics head. It performs true lower case printing with descenders and can handle a wide variety of paper.

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that's modernizing business
through fiber optics.

C&C
COMPUTER AND COMMUNICATIONS

Information has become the precious capital of business: the speed with which it flows, its clarity and volume. Fiber optics being basically a "light" system, nothing could be faster, clearer, more efficient in relaying sounds, pictures, data. This means more cost-effective telephony, facsimile, teleconferencing, name it. NEC was one of the first companies in the world to develop a working optical fiber system. It is this type of innovation and initiative that has won NEC the trust of customers in over 130 countries.

NEC
Nippon Electric Co. Ltd
Tokyo, Japan

مكتبة النخيل

BASE LENDING RATES

| | | | |
|-------------------------|----------|-------------------------|----------|
| ABN Bank | 17 1/2 % | Hambros Bank | 17 % |
| Allied Irish Bank | 17 % | Hill Samuel | 17 1/2 % |
| Amro Bank | 17 % | C. Hoare & Co. | 17 1/2 % |
| American Express Bk. | 17 % | Hongkong & Shanghai | 17 % |
| Henry Amsbacher | 17 % | Industrial Bk. of Scot. | 17 1/2 % |
| A. P. Bank Ltd. | 17 % | Keyser Ullmann | 17 % |
| Arbutnot Latham | 17 % | Knowsley & Co. Ltd. | 19 % |
| Associates Cap. Corp. | 17 % | Langris Trust Ltd. | 17 % |
| Banco de Bilbao | 17 % | Lloyds Bank | 17 % |
| Bank of Credit & Cmce. | 17 % | Edward Mannion & Co. | 18 % |
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| Robert Fraser | 17 % | | |
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| Greyhound Guaranty | 17 % | | |
| Grindlays Bank | 17 1/2 % | | |
| Guinness Mahon | 17 % | | |

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Harmony can aid small business in Europe

ONE of the more notable aspects of small business representative organisations in the UK is their tendency to disagree on questions affecting the best interests of small business and their belief that they alone are best able to speak on them.

A test of whether they can set aside these differences in pursuit of the common good is to be given on July 3, the date now set for the small business conference being organised by Fred Tuckman, chairman of the small business committee of the European Democratic (Conservative) Group in the European Parliament.

The conference, which is open to representative organisations rather than individual small businessmen, is being held in London to give UK small business the opportunity to put forward ideas which it feels the European Parliament should implement to improve the business climate. As Mr. Tuckman, MEP for Leicester, puts it: "The key focus will be on the question of what we can do to help open up markets and finance and to help harmonisation."

The provisional programme, which has now been drawn up, is designed to enable the representative organisations to establish a dialogue with a range of EEC representatives. In addition to MEPs from the UK, Germany, France, Holland and Italy, two senior officials will be attending from the industry directorate of the European Commission. A small business representative from the U.S.—where a major White House conference on small business was held in January—may also attend.

David Mitchell, the Industry Minister in the British Government with a special responsibility for small business, is to address the conference, but in his role as chairman of the European Small and Medium Sied Business Units.

The morning session of the conference will be devoted to the discussion of representations from the various interest groups. In the afternoon, following an address by David Mitchell, there will be contributions from business, the European Commission and the British and European MEPs. The final session will draw together the day's discussion and produce an agreed programme of action.

The success of the conference seems likely to rest on the ability of the representative organisations not only to agree a set of proposals, but to follow through the day's events. Mr. Tuckman stresses that his group's role is merely a "facilitating function." The initiative for action rests squarely with small business itself.

Though finance is always a major preoccupation with small companies, what Euro MPs could do on a community wide basis would seem to be very limited. It may well be argued that the recent British Budget measures, such as the allowance of capital losses on investments in small companies to be offset against income, have given an adequate leg-up for the time being. But another area with which small companies often have trouble is marketing, and it may be more in this sort of area that some form of EEC inspired action may be possible.

Nicholas Leslie

Business courses

Job Evaluation—the settling of differentials, Uxbridge, Middlesex, April 29-May 2. Fee: £235. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

Personnel and Tax Planning for Profit Sharing Schemes, London, April 25. Details from European Study Conferences, Kirby

House, 31 High Street East, Uppingham, Rutland, LE15 9PY. Microprocessors—the challenge to marketers, London, April 30. Fee: £65 (plus VAT) members, £70 (plus VAT) non-members of the Institute of Marketing. Details from The College of Marketing, Moor Hall, Cookham, Maidenhead, Berkshire, SL6 9QH.

Finance for the Non-Financial Director, London, April 28-29. Details from The Registrar, Charterhouse Management Courses, 40 Charterhouse Square, London EC1M 6EA.

BRITAIN'S farm machinery industry has enjoyed a pre-eminent international reputation since the early eighteenth century, when a country farmer named Jethro Tull ushered in the agricultural revolution by inventing the seed-drill. Right through until well after the second world war, it maintained that position despite intensifying international competition and the gradual decline of many other sectors of the UK mechanical engineering industry.

The oil price rise of late 1973 marked the beginning of a period of dramatic decline. One of the most recent illustrations of this trend was February's closure by the Canadian-owned Massey Ferguson group of its Kilmarnock factory, bringing to an end a fairly brief and inglorious history of combine harvester production in the UK.

The oil crisis followed a boom period for farm machinery producers worldwide and affected both sophisticated and developing markets. The UK industry has been particularly hard hit, whereas the West German, for example, has suffered badly.

Only 10 years ago, Britain was exporting around three times as much farm machinery as it imported. This surplus has now been almost eliminated. In the first nine months of last year, exports (excluding tractors) were down 1.4 per cent on the same period of 1978. Imports, by contrast, had increased by 12 per cent.

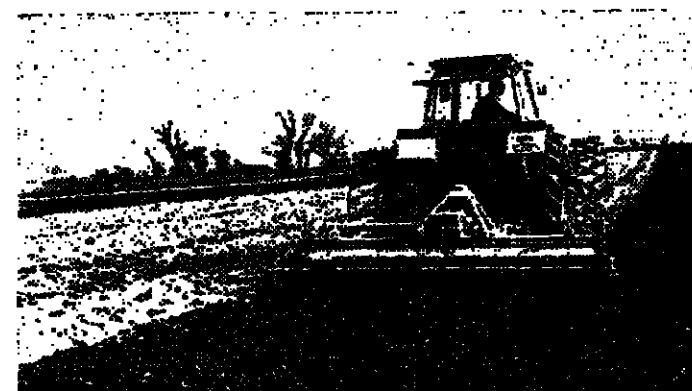
Sharing in the malaise is Howard machinery, an East Anglian company which made its name producing tillage equipment in its last financial year, to October, 1979, profits slumped by almost half to £1.2m on sales of £85.5m. In its peak year of 1974, the group had made £4.6m.

Howard is exceptional in being a fairly large, but independent, producer of farm machinery. It is the largest of a handful of such companies listed on the Stock Exchange and the only one to maintain production facilities overseas. Howard makes more than half its sales abroad and roughly 50 per cent of its production is generated by foreign subsidiaries.

The main agricultural machinery manufacturers in Britain are divisions of multinational groups, notably Massey International Harvester and Ford. At the other end of the scale lies a plethora of small companies, some of which have been acquired by diversified groups such as Thomas Tilling and Hestair. Others have retained their independence and remain workshop industries, serving local markets with narrow product ranges.

Cultivating quality and reliability may be the key to a better harvest

John Makinson examines the recovery strategy of a British farm-machinery maker



The Rotaspice, part of Howard's range of tillage equipment

There are around 400 such companies in the UK.

Howard is sandwiched between the two categories, maintaining a limited range of products but selling them worldwide.

The core of Howard's business has always been the "rotavator," a straightforward piece of tillage equipment which lifts rather than ploughs the soil. The rotavator was invented in Australia in the 1920s and launched in the UK in 1938 by the company, then called Rotary Hoes.

Since then the product has been made increasingly sophisticated, incorporating, for example, a speed-change gear box. A wide range has been built up to suit tractors of between 12 and 140 horsepower. A variety of blades is available to handle different crops.

The group has also added a series of ancillary products. Some carry generic names: the rotaspreeder, rotaplanner, rotaspice and rotamix. All are driven by the power of a tractor. Howard also makes a useful line in manure spreaders, though market penetration here has fallen from 90 per cent to around 50 per cent since the patent expired three years ago.

Disappointing

To compensate, the group moved into a slightly different market, patenting a big baler which was launched in 1974. But sales have so far been disappointing. Finally, Howard produces a range of single-axle tractor cultivators suitable for horticultural use.

Howard's problem over the last decade has been to maintain its share of a market which it has traditionally dominated. Until about 1970, there was no effective competition for the Rotavator. Recently, however, several other companies have entered the field, notably two Spanish and several Italian producers. Over the past four or five years, they have extended their distribution from Europe to North America.

At the same time, Howard's home market has been under attack from these lower-cost producers selling with the advantage of a favourable exchange rate. Howard still has around 70 per cent of the

UK market for rotary cultivators but import penetration for the larger category of cultivators and hoes had increased from 19 per cent in 1974 to 32 per cent by 1976.

The success of foreign companies is illustrated by Howard itself. The company not only sells its own products, but also merchanted ones, mostly West German Claas machines; turnover on this side has risen by almost 130 per cent over the last five years. Its own products, by contrast, have seen a sales rise of only 34.5 per cent over the same period.

The only Claas product which is at all competitive with Howard's range is a baler, so comparisons of their relative success can at best be indirect. Howard, for example, is highly sensitive to the market for tractors—which power almost all its products. Claas is less so and has, in particular, been able to exploit the decay of UK combine production with its own model.

Nonetheless, West Germany has been the most successful competitor with the UK in agricultural machinery markets and UK imports from Germany are higher than from any other source. The Claas success is therefore no aberration.

A recent survey by the Science Policy Research Unit of Sussex University suggests that British farmers have preferred German goods for their quality and performance, rather than for their price. An efficient spare-parts service and rapid delivery times were also cited by farmers as recommendations

for the German products.

Since agricultural machinery is often in use for only a few weeks per year, a shortage of spare parts in the event of a breakdown can spell disaster.

The survey suggests that technical sophistication is an extremely important ingredient in determining competitiveness. German companies generally spend a higher proportion of sales on research and development than their British counterparts. There appears to be a close correlation between patent activity and exports.

Howard is singled out in the survey as unusually innovative for a British company, though its present strained circumstances have forced it to reduce R and D expenditure.

It also recognises that the distribution and servicing arrangements for imports are often superior to those of British companies. This is one reason why it completely reorganised its distribution network six years ago.

It is for all these reasons that Howard is determined to maintain its overseas distribution and manufacturing network. It has 15 foreign subsidiaries or associates. Most are very small, but Peter Coleclough, the group's chairman, believes that the first-hand contact with distributors that they provide is essential to a successful sales performance.

They also contribute significantly to the development of new products. A Howard grape harvester, for example, was developed entirely by a French subsidiary. All overseas managers include a paragraph on

R and D in their monthly reports. The retention of these foreign operations has, however, meant substantial rationalisation at home.

Howard has sold two factories, at Ipswich and Washington, Tyne and Wear, for £1.8m—only a few years after they were opened. Its 30 per cent stake in a UK subsidiary has also been sold and the disposal of an office block and warehouse at Saxham, Suffolk, is currently being negotiated.

The slimming down will leave Howard with two UK manufacturing plants, as well as a merchandising division. The proceeds will be used to improve the group's balance sheet, which by the end of last year showed net borrowings equivalent to more than half of shareholders' funds.

Howard is now run from a modest and draughty manor house outside Ipswich, which accommodates only the board and a few secretarial staff. Peter Coleclough believes that the current pruning—which will result in around 250 redundancies—should mark the end of the rationalisation programme. Altogether around 850 redundancies have been necessary over the past decade.

Population

Coleclough is confident that Howard is well placed to benefit from any upturn in the world market. He points to the increasing world population and the enormous potential markets as evidence to suggest that the current depression is anomalous.

He claims that imports are not in general "better priced, marketed, serviced or researched" though he accepts that in certain product areas, the UK farm machinery industry is not meeting the requirements of the domestic market. Until world demand improves, however, Howard will have to resort to expediency in improving the health of the company.

A first priority is to reduce the embarrassing level of stocks, which were 22 per cent higher in nominal terms in the 1978 balance sheet than a year before. Part of this was attributable to a management problem at the group's German subsidiary, which has appar-

ently been rectified, and part to a build-up at a U.S. subsidiary which markets leisure boat engines. These products have experienced a sharp drop in demand.

The sale of the stake in the subsidiary will remove around £2.1m in stocks—or around 6.5 per cent of the end-1978 total. But there is, however, a limit to the extent that stocks can be run down. Demand is highly seasonal and finished products have to be carried until the cultivation season. Furthermore, large orders can emerge suddenly from developing countries which require rapid delivery.

While markets generally are flat, Howard is seeking out pockets of demand which it can satisfy. Coleclough believes, for example, that there is a growing market in the U.S. for cultivation equipment which can be used by the amateur farmer.

Stock reductions are also unlikely to boost Howard's sales. Coleclough accepts that engineering problems were partly responsible for the poor sales performance of the big baler but also reckons that the innate conservatism of farmers played a part. He believes that farm machinery has to be "taught, not sold" and that farmers and distributors must be educated about the cost savings of machinery, as well as about servicing and maintenance. With this in mind, the Howard group holds courses for 2,000 people each year.

Educating the farming community is a lengthy process, however, and will have little short-term impact on sales. The next few years are likely to be difficult.

Yet, if the Sussex study's conclusion that quality and reliability are more important factors than price proves accurate, and if Howard continues to innovate and improve its distribution, then it should be well placed to attack foreign competition when the market improves. At present, though, the demand picture looks very bleak.

Technical Change and Competitiveness in Agricultural Engineering: the Performance of the UK Industry. Dr. Roy Rothwell, SPRU, University of Sussex (0273 686758).

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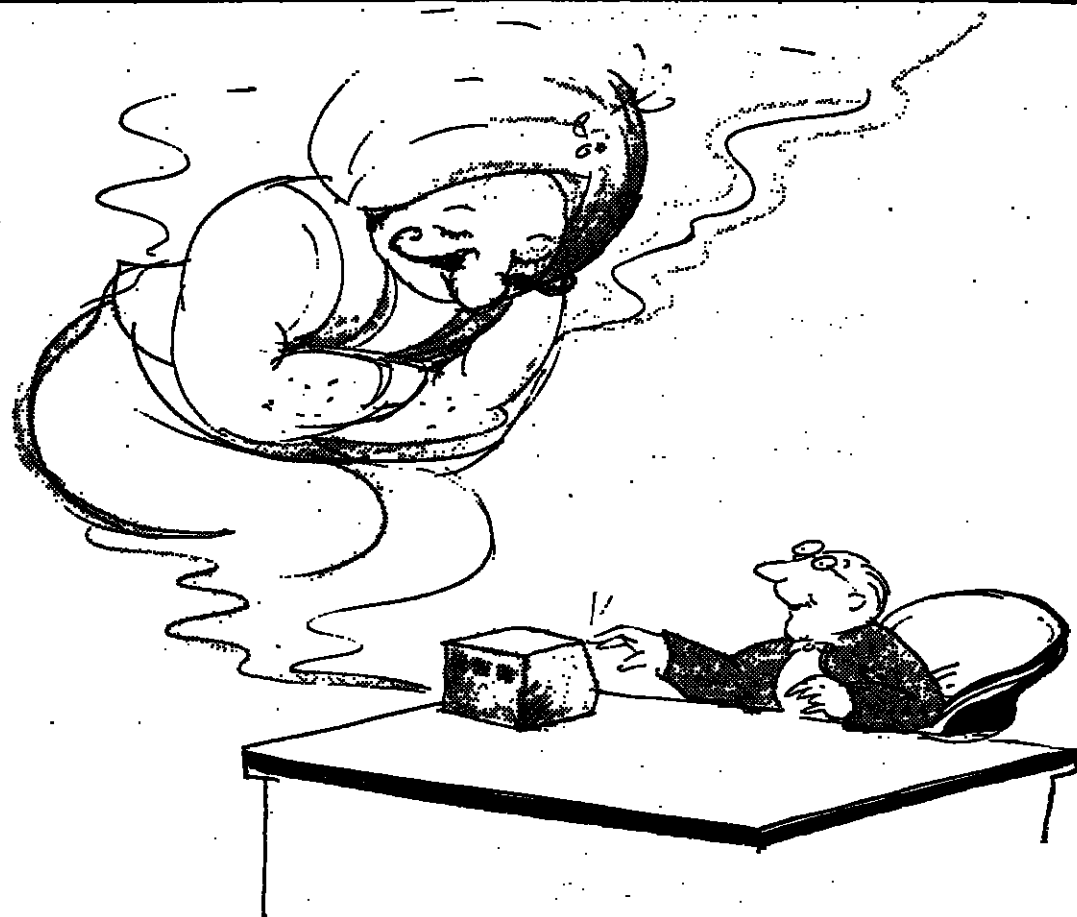
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12
LOMBARD

The writing on the chart

BY ANTHONY HARRIS

IF ONE chart is worth a thousand words, this is a long Lombard column. It is a reminder of a fact fairly familiar to anyone close to the stock markets. The institutions buy most heavily when prices are highest. Fund managers like to explain that this is because institutional money so dominates the market that they cannot help it. Less partisan observers might conclude that they tend to be mugs.

Gilt-edged

The real investment game has been played in gilts, and the institutions have proved well able to exploit the weakness of the Government as a forced seller of stock. As taxpayers, we might wish that they were more incompetent; as pensioners, we will benefit.

Now, however, the nature of the game is changing, and will change very radically, if the Budget Book is to be believed. A decade of excessive Government borrowing, which has pre-empted most of the savings gathered in by the institutions, is coming to an end. At the same time, the attempt to

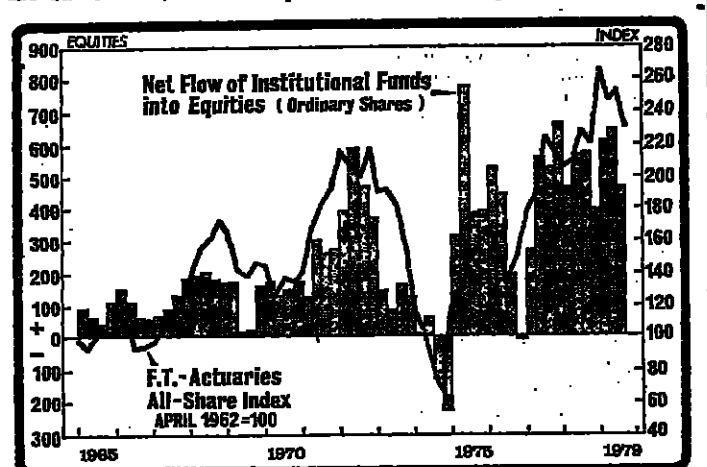
stop inflation by pure monetary pressure is playing Old Harry with the cash flow of industrial companies, and the pain looks enduring.

The result of all this, apart from the fact that much lower interest rates, is that our fund managers are going to play a much more central role in our affairs from now on. They are, in effect, being given the management of a large proportion of our oil revenues—for the Government decision to use the bulk of the revenues to cut Government borrowing means in effect, that those revenues are being turned into capital.

In addition, they will have a large say in determining which British companies can grow vigorously. Companies will need external funds, pretty certainly, but if, as seems likely, inflation subsidies only slowly, while crowding out in the long term markets dies away rather quickly, companies will be in a good position—for the first time in some years—to fund some of their bank indebtedness; and those firms which can most readily do so, through equities, will be in the best position to grow.

The question

So we come back to the question posed by the chart: are the people whose judgment is depicted here up to the job? Or has Sir Geoffrey Howe got to push through a secondary tax revolution—one already implied in his Budget hint that he would like to reverse the trend in institutional dominance? and if so, how? It gives one, as Poirot would put it, furiously to think. For further furious thoughts, watch this space.



TV Radio

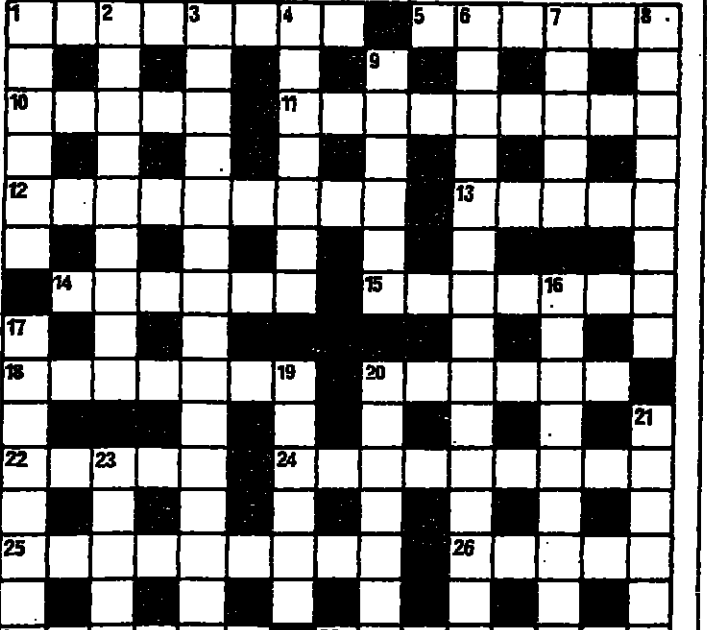
† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University (UHF only). 9.55 Ludwig. 10.00 Jackanory. 10.15 Asterix the Gaul. 10.35 Why Don't You? 12.45 pm Midday News. 1.00 Pebble Mill at One. 1.45 Heads and Tails. 2.15 Racing from Cheltenham. 3.53 Regional News for England (except London). 3.55 Play School. 4.30 The Space Sentinels. 4.40 Wildtrack. 5.05 John Craven's Newsround. 5.15 Potter's Picture Palace.

5.40 Evening News. 5.55 Nationwide (London and South East). 6.20 Nationwide. 6.55 Film: "With This Ring." 7.00 Potting Tom Bosley. 8.30 Potter. 9.00 Nine O'Clock News. 9.25 The Risk Business: British film industry. 10.00 Sportsnight. 10.50 Michael Parkinson Meets Bette Midler. 11.45 News Headlines, Weather. All Regional programmes as BBC1 except as follows: Cymru/Wales - 5.55-6.20 pm Wales Today. 6.55-7.25 Fyddi. 7.25-7.30 Tom and Jerry. 7.30-8.00 A Question of Sport. 8.00-8.30 My

F.T. CROSSWORD PUZZLE No. 4245



- ACROSS**
- Advertising agent found mooming about? (8)
 - Strike getting round? Splendid! (6)
 - High flyer given piece between two steps up (5)
 - Quality earning a West-end mark of respect (9)
 - Celebration by West on the whole that keeps neighbours apart (5, 4)
 - Beholding boss is a bloomer (5)
 - Article king allowed on ornament (6)
 - Unexpected acquisition makes gallery close (7)
 - Cancel correction by boy to hat (7)
 - Harp so oddly on wonderful lighthouse (6)
 - Pale like a layer (5)
 - Stop broadcasting near part of Ireland (5, 4)
 - One thousand newspapers, for example, note without delay (9)
 - The cream of the Spanish tie-break (5)
 - Spot another try by sufferer in cause (6)
 - One like this overdue daughter is cut off (8)
- DOWN**
- Band a soldier may have up his sleeve (6)
 - Guarantee some sort of policy (9)
 - No occasion for afternoon shopping (5, 7, 3)
 - A barrier worker finds unbending (7)
 - I'm not stopping a salutation (4, 3, 3)
 - Noble number (5)
 - Revoke completed bus trip (8)
 - Way an old prisoner went to prison camp (6)
 - Financial expert joining company with French name is German (9)
 - Religion I criticise severely over doctrine (8)
 - Trance produced by heavenly drink (6)
 - Walk demonstrating manufacturing operation (7)
 - During action certainly (6)
 - Classic writer fond of the fireside (5)

Solution to Puzzle No. 4244

WOLANDER SCHEMUP
A R O P M E R E
S P A I N E Y S T R A I N
C F E N A L S
W I N T E R H A L L E N T
A I R C R A F T
M I D U P P E R P O L E
A E S O R N
L A N D G R A D E S T E E P
R I V E R S P E C T A C L E
C H I T I A R K S
H I G H G R A D E B O O T S
C O N T R A C T O R
R E L A T E D T R A P E Z O I D

FOUR favourite plants have been at their best over Easter and as I see them too seldom in other gardens, I would like to do them justice by giving them a week to themselves.

They will fit into any garden and will not be too difficult, with one exception. At their best in March and April, they have the stage to themselves and are making the most of it.

The first is not the most spectacular but it is my personal favourite among evergreen shrubs. I would use it before any conifer except yew if I wanted a six foot-high hedge and was not in too much of a hurry. I refer to the tough and obliging osmaea. Some four years ago, I planted some young plants of this in a north-facing bed where an evergreen feature was needed against the wall of the house.

In 1976, they were a foot high but they have grown up in a heavy patch of earth and are now three foot high and very well branched. This may give you some idea of their spread. In April, they are covered in small tubular white flowers, which form in the joint of the leaf and the stem and are sweetly scented when the wind is blowing in the right direction.

My plants would be even taller if I had not pruned them every year just after they had flowered, but I am sure that this treatment is important in the long run.

The osmaea tends to throw up strong branches, foot or so above its main mound of leaves, and must persuade impatient gardeners into

allowing these to shoot too far ahead. Older plants then become thin or poorly covered at their base. One old osmaea in my care, which has been allowed to grow as it pleases in a long border and has all its charm by turning into a badly-formed standard shrub with one long trunk. Brace yourself to trim back any promising young shoots in early May when the white flowers have faded.

If you space your osmaeas about 18 ins apart, you can expect a dense hedge of evergreen leaves to a height of five or six ft after six or seven years. In order to enjoy the flowers you should allow this hedge to grow slightly informally. If you clipped it too rigidly in autumn and spring you would remove the firm branches on which the crops of buds are set for the spring season.

A loose hedge of osmaea will thrive anywhere, though few gardeners will bother with it. It grows happily in the mild climate of West Country gardens, among camellias, but it also makes good progress on a shallow chalk soil.

I have only found one small problem which no catalogue mentions. Last year the cold winter left its mark on leaves and inhibited the flowers. In a colder place, facing due north across an open view for several miles, if I was starting again, I would move them to a less exposed place to give the flowers

their best chance in sharp winters. They are completely hardy but it is still worth placing them so that they give them better suited than round the sides and back of a wooden seat where they made an evergreen setting about five ft high and flowered deliciously, tempting anyone to sit out an April shower among them.

These white flowers, however,

which a few bulbs are bright enough to light up a garden, would never have bothered with the book description as a "blend of salmon, apricot and orange flushed red," or with Fritz Kreisler, a "deep pink and yellow with carmine red blotches and a mauve exterior edged with sulphur."

Although I thought that they would give me something to

hope you know the advantages of these lovely shrubs, their toughness, their freedom of flower and their willingness to be trained into shape against a wall, whatever its aspect. Some of you may not know that they should be pruned as soon as they have flowered if you want them to keep their shape.

The flowers form on next summer's growth so you must not start cutting it back in autumn when you think the shrub is losing its shape. Attack it early in May, instead.

This week, however, I only want to say that a pink and white form called Moerlosii seems to me to be excellent. Its flowers are profuse, like an early apple blossom, which is upset by no wind or blizzard. Against a north wall this japonica can be trained up to 8 ft, into the formal patterns of a true fruit tree.

The flower's combination of pink and white is particularly fresh, a mixture which appealed to the judges of these matters who gave this variety a valuable Award of Garden Merit 10 years ago.

Up the back of a shaded house, I would settle for a well-trained plant of this German hybrid. On a sunny side, I would place any of the crimson-flowered hybrids, perhaps the large-flowered Rovaalane. It is a shame to put these dark reds in a shaded north or east aspect, where the sun does not bring out the full depth and richness of their flowers. Those who do not rate them highly have never

seen them properly placed. The pink and white variety is far better suited to an awkward east aspect.

The last of my four for Easter earns its place for something different, its willingness to flower freely, and hold its flowers since mid-February. This is the plain mauve-pink form of Daphne Mezereum, an old and long-lived plant. The white form, however, is less familiar, but I now have two young plants of it which have grown from cuttings, and I am pleased with the wreaths of flowers which run all up their branches after only four years.

They are 18 ins high and will go higher, but I think they are worth a special place in any garden. Better even than the usual form whose pink flowers are a match for the colours of common heather.

There is no special trick about this infamous Daphne. Either it grows easily from the start or else it refuses anything which I can dream of advising. I have never seen better plants than on a heavy and chalky soil in full sunshine, and they are worth trying if you have to cope with such unfortunate soil.

Their scent is as good as any in the family and the flowers are abundant, followed by poisonous berries which are a pale yellow-amber in the white-flowered form.

Beware of these berries if you have young children. Unlike my other three plants this one cannot be guaranteed. Sometimes it fades out, sometimes it flourishes, but this white form especially is well worth a try, for anybody's time and money.

GARDENS TODAY

BY ROBIN LANE FOX

are not the match for a few new clumps of tulips which I have been trying this year. They are new to me, at least, because I have not cared for their descriptions in catalogues. You probably know the plain water lily tulip called 'Kaufmanniana' whose cream yellow flowers are marked with rose-pink and show up clearly in mid-March. They have been developed however, into colours which you would never find in these ordinary varieties.

I had always thought that the plain cream water lily tulip stood particularly well among the early bulb flowering Chionodoxa which can be planted in its clumps. The two colours combine very prettily. But I now find that they are excellent by named varieties in the Kaufmanniana family of

critique, they have turned out to be the prettiest spring flowers in the garden grouped in clumps of ten on the edge of a small bank beside a rosebed. They are less than a foot tall, so you could put them comfortably into next year's office window box. They are not particularly cheap but you only need to buy a few as their colours are so clear.

Again there are no problems but be sure to plant the bulbs in full sunlight, especially if you are trying them in a window box. The flowers open out when the sun strikes them and show their full harmony of colour. Watch out for them in good bulb lists next autumn.

The flowering quince, known commonly as japonica, is well known to almost everybody, and this year its peak season has fallen at the Easter holidays. I

It looks like Uncle Bing again

THERE ARE few better 21-mile chasers in training than Uncle Bing, and there seems every chance that Richard Head's 11-year-old will again underline the point at Cheltenham today.

Uncle Bing, so often denied the limelight by the reputation

of his eye-catching stable companion, Border Incident, returned to a deservedly warm reception after scoring at Aintree last time out.

Although more testing ground this afternoon would probably help Uncle Bing's cause, he acts on any going, and the conditions will not inconvenience him. I take John Francome's mount to give his younger opponents, who include Roadhead and Dramatist, a lesson in fast accurate jumping.

Thirty-five minutes after the Sean Graham Chase, Belfast's leading bookmakers contribute £7,000 to the £10,000 added prize money for the Sean Graham Hurdle, in which 10 to 7 lb is the minimum weight. Here, it is difficult to imagine Gay George failing to make a bold bid for his hat-trick.

The easy conqueror of Brims in a division of Kempton's St. James's Novices Hurdle on February 23, Gay George was nearly as impressive at Sandown last month. There, the Saxon House four-year-old put three lengths between himself and Cruise

Missile, to whom he was conceding 10 lbs, on the run-in to the Select Hurdle.

Although Navigational Aid was impressive on his reappearance, it is hopeful that Mr. Robert Sangster's Dancer's Image filly, Lacture, can give the St. Leger event, the Studley Royal Handicap.

- CHELLENHAM**
- 2.00—Debt Collector*
 - 2.30—Patrucler
 - 3.05—Uncle Bing
 - 3.40—Gay George
 - 4.15—Go Perrey's
 - 4.45—Stoic Yarn*
- RIPON**
- 2.45—Fast Colour
 - 3.15—Inca Warrior
 - 3.45—Last Request*
 - 4.15—Lucky Tonight
 - 4.45—Herald
 - 5.15—Lendia

HTV

9.30 am Kun-Kun. 19.55 Landmark. 11.20 Parade the Dog for Sitting. 1.20 pm Report West Headlines. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Youth Makes Music. 7.00 News. 7.15 The World at Six. 7.30 News. 7.45 The World at Six. 8.00 News. 8.15 The World at Six. 8.30 News. 8.45 The World at Six. 9.00 News. 9.15 The World at Six. 9.30 News. 9.45 The World at Six. 10.00 News. 10.15 The World at Six. 10.30 News. 10.45 The World at Six. 11.00 News. 11.15 The World at Six. 11.30 News. 11.45 The World at Six. 12.00 News. 12.15 The World at Six. 12.30 News. 12.45 The World at Six. 1.00 News. 1.15 The World at Six. 1.30 News. 1.45 The World at Six. 2.00 News. 2.15 The World at Six. 2.30 News. 2.45 The World at Six. 3.00 News. 3.15 The World at Six. 3.30 News. 3.45 The World at Six. 4.00 News. 4.15 The World at Six. 4.30 News. 4.45 The World at Six. 5.00 News. 5.15 The World at Six. 5.30 News. 5.45 The World at Six. 6.00 News. 6.15 The World at Six. 6.30 News. 6.45 The World at 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THE ARTS

Cort Theatre, Broadway

Clothes for a Summer Hotel

An insane asylum entrance, posed against a dramatic sky like a dynastic ruin in an Edgar Allan Poe story, dominates Tennessee Williams' liberal interpretation of the last meeting between Scott and Zelda Fitzgerald.

Oliver Smith's set takes on such importance because it broods over the difficult visit in which Scott arrives thinking Zelda has got better, only to find her, obsessed, as ever, with her past. She sees Scott's claustrophobic love as the inspiration and inhibition to her unrealized dreams to be a successful writer and dancer. Like the set, she is a noble ruin, capable of passion, drama and especially dark foreboding, but these are achieved only as monetary echoes of a distant past.

In brief sketches, the play seems justified in focusing on Zelda rather than Scott. One flashback shows Zelda dancing furiously in the Paris class of Mme Egorgova, trying to make up for starting a career so late. She knows her weaknesses and seems determined to overcome them.

The friends who come to watch her dance cry in sympathy with her indomitable determination—and inevitable failure. At other moments, she has brief glimpses of what she lost when she lost Scott, and even remarks that Scott is better off with the steady influence of the gossip columnist with whom he now lives in

Hollywood.

But for the most part, the attention is wasted on Zelda because she acts merely to provoke or react in some way to Scott. A short flashback in which Scott wants Zelda to leave him alone to work produces a sequence of scenes depicting Zelda's affair with a handsome young French aviator.

She admits from the outset that she needs a combination of revenge and baby-sitter to fill the time that Scott denies her with his insistence on a disciplined schedule. The affair, which starts on a beach in the first act and continues in bed and at a party in the second, can never reach a telling climax when its doom is so obvious to the audience. If not to the now-infatuated Zelda.

Faced with Zelda's terminal case of delusion and resentment, Scott staggers round the stage ill or inebriated. Though by the time he visits Zelda he is on the wagon, he manages to spend a good bit of time drunk throughout the flashbacks.

The party scene in which Zelda turns up with her French flyer ends up with Scott facing off against Ernest Hemingway, Tennessee Williams deftly turns the writers' drunken antagonism into a conflict over their values. Scott seems almost too punchdrunk by then to stand up to Hemingway's manly virtue with his own



Kenneth Haigh and Geraldine Page in Clothes for a Summer Hotel

brave efforts to handle Zelda and fight his way back from mental breakdown.

Director Jose Quintero roots the play in the asylum setting despite the numerous flashbacks. This strategy rivets the play to its concluding episode rather than drawing out the past tenderness that would give some tragic perspective.

Geraldine Page plays all the strings of madness, from

brave efforts to handle Zelda and fight his way back from mental breakdown. lucidity to raving, but she has no chance to show the tenderness, vulnerability or love that might have made us pity Zelda. Kenneth Haigh gives Scott an earnest youthfulness that removes the sting from Zelda's accusations, making him much more sympathetic than we ought to feel up at the insane asylum where he's put his apathetic ex-wife.

FRANK LIPSUIS

Television

Investigating in blinkers

by CHRIS DUNKLEY

Do you believe that the management side of the chemical industry is peopled by an extraordinary collection of blackguards? Or that the ethical drugs business is full of profit scoundrels? Or that those in favour of the peaceful exploitation of nuclear power are a bunch of unprincipled maniacs? If so, perhaps you have been watching too much television.

Throughout its short history television has found investigative journalism one of the hardest arts to master or to adapt. Consequently there has been very little of it.

For long periods Granada's *World in Action* carried a lonely banner, being joined from time to time by BBC's *Panorama* and BBC's *Man Alive* and by the venerable series *This Week* which Times have foolishly renamed *TV Eye*.

However, in recent months there appears to have been a distinct increase in this sort of journalism on television. Not only have all the series named been doing as much as ever and probably more, but in addition BBC's new series *Open Secret* has been devoted specifically to it and the two London region *TV* series *Thames Tonight* and *The London Programme* also seem to have been increasing the proportions within their output.

In principle I welcome this upsurge of revelatory reporting which in its evident intention appeals not only to my own instincts as a former news reporter but also to the desire of any alert person to know as much as possible about the society he lives in. The practice, however, is highly questionable and may be taking television down the wrong road.

The kind of programme I am thinking of cannot be described in one phrase, but anyone who watches regularly will know precisely the sort of thing I mean. It is characterised first by a high moral tone. Nobody actually shrieks: "We Name The Guilty Men!" but there is frequently a powerful feeling of such a claim inherent in the approach and implicit in the commentary.

Often the programme is presented by a reporter who seems to see himself as Robin Hood. Theo Kollek and Ralph Nader are the most obvious. More often than not the story is about the way that the big business battalions not only exploit the

labour of the individual worker but also endanger, shorten or degrade his life, or the lives of others who live around the factory or work place.

In the last few weeks programmes fitting into this pattern have been presented by *Open Secret* (manufacture of the pesticide DBCP, and lead levels in an American Cyanamid plant), *Thames* (chemical storage in inner city factories—also covered by *Open Secret*), *Horizon* (the dangers of Dioxin) and *The London Programme* (transport of nuclear waste).

Very similar sorts of programme though with minor variations in pattern have been broadcast by *Panorama* (the effects of Proposition 13 in California) and *TV Eye* (over-prescription of tranquilisers). The reason for the existence of such programmes is not difficult to find, of course: despite grandiose claims about free speech and open government there is a frightening amount of secrecy, official and unofficial, in Britain, particularly within state bureaucracies. It would be odd and contemptible if television's current affairs group did not investigate.

Indeed, if most viewers had any real idea of the way that bodies intended for the citizen's protection, such as the Factory Inspectorate and the Alkali Inspectorate actually operate, there would doubtless be a clamour for many more investigative programmes.

(In that connection it is to be hoped that the amendment to the Government's Broadcasting Bill, now in committee, changing the protection of privacy to the protection of "privacy of individuals" gets through.) The reason for the style of the programmes is not hard to guess, either. Like everything else on television, but in contrast to the printed news media which do not have the time dimension as a constraint, these programmes have to fight from start to finish to stop the viewer switching over to watch *Dallas* or—as the BBC is steadily outspiced in all the intelligent sports—a couple of fat men drinking and playing darts. (Thank you *Not The 9 O'Clock News* and welcome back.)

That is just one of the pressures which result in investigative programmes almost invariably turning into witch

hunts. Another is television's weakness at handling abstractions which leads to the practice of expressing all problems in terms of individuals or at least identifiable groups.

A third is the dreadful practice of compartmentalisation which dictates that any subject under the sun—from the existence of God to the medical effects of inhaling asbestos—must be dealt with in isolation and in 30 minutes or 40 or at most 60, whichever the series happens to be limited to.

I believe the desperate desire for a villain goes far towards explaining television's failure to deal with the one cause of accidental death and maiming which makes all the others put together—pesticides, drugs, industrial accidents, the lot—look pitiful. If anything except the motor car was at the centre of literally hundreds of accidents every day, some 20 of them fatal, then television would never let us hear the last of it.

Because the enthusiasm for using the car is so nearly universal, and because it is the way that the public uses cars and not some intrinsic quality within the product which is dangerous, television quietly leaves Big C alone. It would take real guts to set up the public—the viewer—as villain.

In other areas programme makers will go to almost incredible lengths to find a Mr. Bad to blame. The often admirable *Tom Mangelsen*, for instance, faced with the inescapable fact that California's Proposition 13, cutting local taxes, was voted in by a secret ballot of the electorate, "blamed" the Proposition's main proponent Harold Jarvis who is now campaigning for another cut.

In effect, Mangelsen claimed, Jarvis will "dictate" legislation which is either a plain untruth or just a way of saying that the voters are a lot of sheep—which is little more than a pejorative synonym for democracy and hardly Mangelsen's style.

To discover the effects of Proposition 13, which of course cut local government budgets, Mangelsen talked to local government employees who—surprise, surprise—were all against it and who seemed to be ensuring as far as they could that the cuts rebounded against the voters.

At no stage did we hear the views of the people who actually

voted the law in. Instead Mangold interviewed the man who runs Jarvis's campaign to show the wickedness of his evidence addressing techniques.

None of which should come as a great surprise to any regular viewer. Mangold is not allowed to get on the box and declare "The way these well-heeled Californian property owners have behaved pains my particular sense of social justice" and so he finds a way of implying it without actually saying it. In other words he makes an unbalanced, subjective programme which, however, has as its passport onto the air a very clear social conscience.

The crucial point is that such programmes not only offend against the "balance" rules of British television since nobody ever shows the other point of view but further, they do not even necessarily serve the best interests of the viewer-worker-ordinary joe to whom they try to appeal.

A programme which makes lurid claims about unlikely nuclear accidents is less than honest and less than helpful if it falls even to mention alternative methods of energy production and never gets round to admitting that coal production is hundreds of times more dangerous than nuclear power production.

The public interest is not best served by such selective journalism, no matter how intense the social sensibilities of its producers.

The same is true all down the line when the countervailing benefits of social evils are ignored (the employment offered by inner city factories, the increased food production owing to pesticides and so on) or, conversely, the high social cost of some trumpeted advance is ignored (the Budget cuts affecting thousands as a result of one heart transplant, for instance).

Instead of setting themselves up as inquisitors determined to find witches or saints it is time that television's investigative programmes adopted the far more demanding role of social as well as the bad effects stemming from the activity under inspection and offering the public a balance-sheet instead of a burning. Less exciting, of course—but honest.

Goeyvaerts and Stockhausen

by RICHARD JOSEPH

Adrian Jack's stimulating *Musica* season concluded on Sunday evening with a timely review of one of the most important moments in post-war European music.

This was the recovery of serial techniques as developed by Webern before the Second World War and their development and expansion into all elements of composition.

Messiaen (as teacher), and Stockhausen and Boulez (as practitioners) are the figures usually associated with this concept of total serialisation, but the composer who developed the idea and the process through to its first realisation was the Belgian Karel Goeyvaerts.

His *Sonata for Two Pianos*, the first totally serial composition, was written in the winter of 1950-51 and was heard and discussed in Adorno's composition seminar at the Darmstadt Summer School later that year. In the autumn, Stockhausen,

who had performed the second movement of Goeyvaerts' *Sonata* with the composer, wrote *Kreuzspiel*, his first totally serial work. The method that determined most of the finest music composed in Europe during the 1950s was established.

Both these influential works received good performances by the Koenig Ensemble at the ICA and the concert was prefaced by an illuminating talk by Goeyvaerts. As well as reviewing the methodology of his early works, he examined the emotional as well as historical necessity for his creation.

The compositional rigour of the early 1950s was, to Goeyvaerts, the result of a "fear of chaos": composers had to construct "an undestroyable shelter" of certainty after the upheavals of the war.

In 1957, when he realised this motivation, Goeyvaerts

withdrew from composition for a time. His subsequent music is more freely worked, though unfortunately only a short, deliberately charming *Trio* for flute, violin and piano dating from 1960 was included in the concert.

Goeyvaerts' description of his current musical style, as continuous, slowly evolving, carefully controlled and not superficially exciting or surprising, could equally be applied to the pointillist *Sonata* for Two Pianos.

Despite its autonomist construction, the lucidity of the composer's personality was apparent. Less so in the other work from 1951, "Opus 3 with struck and bowed sounds" which serialised the means of sound production (dividing tones between long bowed strings and short percussion attacks) in a way that negated the individual character of each instrument and made things

particularly hard on the strings. An uncomfortable, slightly pedantic performance did little to alleviate the problem.

By contrast, the colour and instrumental felicity of Stockhausen's *Kreuzspiel* was immediately apparent. So too, was the composer's choice of rhythmic values and patterns which, however strictly deployed, allowed for a greater continuity of musical texture.

For Goeyvaerts the absolute expression of his idea seems to be the end in itself; the thought exists equally validly on paper or as sound. With Stockhausen the sonorous expression of the idea is paramount. This contrast between the composers would also have applied to Stockhausen's *Schlagtrio* (a 1973 revision of a 1952 percussion Quartet) which concluded the concert, but a too loud performance in too cramped conditions excluded most musical considerations.

Rainbow

The Jam

IT IS entirely appropriate that the Astoria at Kingsbury Park, built 50 years ago in the golden age of the movie palace in the style of a caliph's castle, with fountains and gold fish in the foyer and twinkling straws above a Moorish village in the auditorium, should celebrate its golden jubilee with a series of pop concerts. For popular music has taken over from Hollywood as the people's dream and the ornate architecture of the re-named Rainbow provides the perfect escapist atmosphere to watch contemporary stars play out their, and the audiences', fantasies.

And also in tune with the times is the fact that the series of concerts that ended last night should be sponsored by Levi jeans for even the pop industry these days cannot afford to reject the helping cheque-laden hand of business. For Levi's venture climaxed on the right note with the headline act, The Jam, currently topping the hit parade.

Three years or so ago when the Jam were among the first breakers of the new wave they were promoted as the modern

Who. They draped themselves in the Union Jack, wore smart suits, and became the band of the mods, those dapper enemies of the punks and rockers. Success has broadened the appeal of the Jam and they played on Monday like any super band with a brilliant light show and a great deal of style. The roughness is still there in the down market accents, remarkably raw for a trio that comes from Woking, and in the lyrics of their songs which are very much in the "kids rise up, you have nothing to lose but your chains" tradition.

The energy works, as do the battle cries which are as good as any by the Clash, their only rivals among the new wave. The Jam are skilled at producing refrains, and the audience was keen and able to take some of the strain from singer Paul Weller's fading voice in songs like "Down the tube station at midnight" and "Eton rides". But after a while the explosions of negative noise were self-defeating without any great melody lines.

ANTHONY THORNCROFT

Purcell Room

The Lontano Ensemble

The young Lontano ensemble, directed by Odaline de la Martinez, boasts an extremely accomplished membership. All eight of the players who figured in Saturday's concert revealed powers well beyond ordinary professional proficiency, in a consistently demanding programme. In a first-class account of Ravel's long-neglected *Sonata* for violin and cello and of Debussy's late *Trio*, for example, the cellist Andrew Shulman offered finesse and little strength in equal proportions (relatively famous performers made far less of the Ravel in the last South Bank Summer Music) and Frances Kelly invested Debussy's harp part with a variety of subtle colours that I have not heard surpassed in the piece, staple harp fare though it is. The concert was over-generous, but with such playing one couldn't mind.

We had also Harrison Birtwhistle's *Entr'actes* and Sappho *Fragment*, a 1984 work in his earlier, blither manner, welcome back as—at least—an audible point from which to take a perspective on his tougher more recent music. It was perhaps unfair to the sequence to present it at the end of this particular programme, which had already examined the sound possibilities of the instrumental combination rather thoroughly; the brevity of the 17 fragments deserves a more constrained context. The assured soprano soloist was Rosemary Hardy, who also sang Falla's late, beautifully cultivated cantata *Psyché* with lovely poise.

The latent threat of exquisite surflet was nicely averted by Erika Fox's new *Paths* where the mourners' trend, shockablock with lively materials and expanding repeatedly toward a

near-orchestral sonority. There is a disorderly immediacy about the score. The atmosphere and intensity of Jewish communal chant is echoed and refracted in an unexpected medium essentially the Lontano sound with violent percussion extensions; the pressure of unassimilated feeling is palpable. At more than 20 minutes it is certainly under-organised, but not under-composed. Miss Fox has her own quite particular voice (and pressing manner); I mean no criticism by reporting that it nags, hectors, worries and exults in her writing with disarming directness. Here as elsewhere, Ingrid Culliford's flute was huskily evocative.

DAVID MURRAY

Post Impressionism

The Post Impressionism exhibition at the Royal Academy closed yesterday after a highly successful 19 week run.

The exhibition, which has received national and international acclaim, had a total of 640,042 visitors, of which more than half a million were paid admissions. The average daily attendance throughout the exhibition was 4,949.

The exhibition catalogue, published in association with Wiedenfeld and Nicolson, ran into a third edition and 96,500 catalogues were sold to a record percentage of visitors—16 per cent of the total. The catalogue sold at £5.25 with a hardback edition at £12.50. The gallery guide, available for 15p was sold to 123,000 of the visitors.

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COMPANY NOTICES

IMETAL S.A.

(formerly Le Nickel)
LOAN OF DOLLARS 20,000,000.—9% 1971-1986
Holders of the above mentioned bonds are invited to attend the annual redemption meeting of DOLLARS 20,000,000.—9% 1971-1986 which will be held at 2.30 p.m. on Wednesday 10th April 1980 at the following address: 12, rue de la Loi, 1050 Brussels.
1. To receive the Accounts of the Company for the year ended 31st December 1979 and the Directors' and Auditors' Reports thereon.
2. To re-elect Directors.
3. To re-appoint the Auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of an Annual General Meeting.
Notice is also given that an Extraordinary General Meeting of the Society will be held at the same place and on the same date at 2.40 p.m. for as soon thereafter as the Annual General Meeting shall have been concluded and the Directors shall be authorised to call such a meeting as they may see fit.

BANQUE INTERNATIONALE A LUXEMBOURG

Notice is given that the Extraordinary General Meeting of the Society will be held at the same place and on the same date at 2.40 p.m. for as soon thereafter as the Annual General Meeting shall have been concluded and the Directors shall be authorised to call such a meeting as they may see fit.

NOTICE TO HOLDERS OF WARRANTS

(DATED 8TH JULY 1979)
TO SUBSCRIBE TO ORDINARY STOCK UNITS OF THOMAS NATIONWIDE TRANSPORT LIMITED
On behalf of Thomas Nationwide Transport Limited, Hambro Bank Limited hereby makes the following announcement:
With effect from commencement of business on the 22nd February, 1980 the above-named company will be re-named THOMAS NATIONWIDE TRANSPORT LIMITED. To which the above warrant holders are entitled to subscribe, altered from A\$1.43 to A\$1.58.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967
NATALL & COMPANY LIMITED
NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 9th day of May 1980, to send their names and addresses to the Liquidator of the said Company, and if so required by notice in writing from the Liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 28th day of March 1980.
P. MONJACK, Liquidator.

THE COMPANIES ACTS 1948 TO 1967

PLUMGROVE LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co. situated at 3/4 Benliff Street, London W1A 3BA, on Tuesday, the 15th day of April 1980, at 12 o'clock, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 31st day of March 1980.
By Order of the Board,
P. R. JACOBS Director.

CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY

NOTICE IS HEREBY GIVEN that the 1980 Annual General Meeting of the Clerical, Medical and General Life Assurance Society will be held at the Society's Office, 15, Abchurch Lane, London EC4N 3DF, on Wednesday 10th April 1980 at 2.30 p.m. for the following purposes:
1. To receive the Accounts of the Society for the year ended 31st December 1979 and the Directors' and Auditors' Reports thereon.
2. To re-elect Directors.
3. To re-appoint the Auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of an Annual General Meeting.
Notice is also given that an Extraordinary General Meeting of the Society will be held at the same place and on the same date at 2.40 p.m. for as soon thereafter as the Annual General Meeting shall have been concluded and the Directors shall be authorised to call such a meeting as they may see fit.

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Wednesday April 9 1980

Playing the waiting game

ONE WAY of looking at the conflict between the U.S. and Iran ever since the taking of the American hostages last November is as a dispute between a great power and a small. On either side, there is a great deal of frustration. The U.S. is militarily, economically, and diplomatically very powerful, but it has found no way of using its power to secure the desired objective: namely, the release of the hostages. Iran, under the Ayatollah Khomeini, has made no progress in achieving its own aim which—to put it at its most basic—is the handing over of the Shah for trial. In the contest between great power and small, and on the particular issue of the hostages, there is a stand-off.

Diplomacy

It is therefore worth looking at the conflict from a different perspective. It can also be seen as a confrontation between the rational and the irrational. By and large, the U.S. has acted rationally throughout the last few months. From the start, President Carter seems to have made two basic decisions. The first was that there could be no question of handing over the Shah and the second was that it was not feasible to seek to rescue the hostages by force. The latter was not a moral judgment. It was based on the assessment of the military chiefs of staff that, while it would not be too difficult to storm the U.S. Embassy in Tehran, where the hostages are held, it would be a vastly harder task to bring out the hostages alive. The environment is so different that there is simply no ground for comparison with previous rescue operations in Entebbe and Mogadishu. That assessment has not changed with the months.

President Carter has thus relied on a mixture of patience and diplomacy. He supported the efforts of Dr. Kurt Waldheim, the United Nations Secretary General, to secure the hostages' release, even though such an approach was perhaps against the natural American grain. At the same time, however, the President has had to deal with a domestic opinion which is more than usually inflamed and feels that the national honour has been

Oil card

So, as it happens, are those of Iran. One of the country's main assets—in retaliating against American, or western, action—is its oil. It is also a declining one. Recent exports have fallen to well under 1m barrels a day, or less than half the output of the British part of the North Sea. As an oil power, especially at a time of slack world demand, it has become a negligible quantity. The oil card has already been played.

There are still, of course, the students' power over the hostages and they are indeed frightening. Yet one wonders what either the Ayatollah or the militant students would have to gain either by bringing them to trial. One possible result is that such action would remove the last obstacle to American military intervention. That could happen, but it has not happened yet. The Iranians, so far, have pulled back from the most extreme irrationality. In the circumstances, it is safer for Mr. Carter to go on playing the waiting game. It is not ideal, but it is better than the alternatives.

Pupils must come first

THE PRINCIPLE of "producer's sovereignty," which asserts that the primary function of industry is to cater for the wishes of producers, rather than consumers, is unfortunately deeply entrenched in British industrial life. The arrogant refrain of this week's National Union of Teachers' conference—that teachers alone should control the most important aspects of school education, and in particular, the curriculum—is simply a symptom of the steady industrialisation of Britain's social services. This has allowed the effects of producers' sovereignty to spread in an ever more damaging way to parts of the public sector in which the absence of market forces deprives consumers of their normal means of redress. The extremely hostile reception accorded by the NUT conference to Mr. Mark Carlisle, the Education Secretary, has to be interpreted in this light.

Grounding

Mr. Carlisle's proposal to define the teachers' working conditions more precisely was heckled and attacked. But the most violent denunciations were reserved for an earlier suggestion from the Education Department that a "core curriculum" should be introduced by the Government, to ensure that all schools provided their pupils with a solid grounding in the most essential subjects, particularly English, Mathematics and Science.

In opposing these ideas, teachers have laid claim to a near-monopoly of the insight required to determine what their pupils need to know and how they should be taught. While it is undeniable that teachers' professional experience of education gives them a uniquely important role in the education debate, their pretensions to omniscience are no more persuasive than the special pleadings of many other professional groups and unions whose customary privileges and restrictive practices are attacked.

The NUT's reasons for opposing the Government's proposals have at least as much to do with concern about its members' jobs and pay, as with the welfare of schoolchildren. A linkage between pay and working conditions is believed to be an integral part of the Clegg Commission's report on teachers' salaries. Local authorities have

Status

At a deeper level, many teachers no doubt genuinely feel that they and their pupils are the victims of a state of politically motivated and Philistine attempts to turn education into social and economic conditioning. They fear not only that their own status would suffer if they became mere servants of the State, but that the amount of freedom and individualism in society as a whole would be reduced. The best way to allay these fears is to look at the experience of many European countries, which have an education system much more centred on the needs of the individual child than anything that the Government has contemplated, in which the status of teachers and the level of educational attainment are higher than in Britain. And it is on high educational standards that freedom thrives.

BY now the Wilson Committee, which has been studying the workings of the financial institutions for three years, should have completed its final draft of the important section in its report devoted to the supervision of pension funds.

What was expected to be the final drafting meeting was held on April 1. The arguments for and against the need to impose greater regulation upon the pension fund movement were thoroughly rehearsed during the two years of hearings and depositions but at the last minute the case for recommending light, statutory regulation of a movement which is responsible for some £40bn of the country's savings must have been extraordinarily strengthened.

Recent events in the Electricity Council pension fund—the fourth largest in the country with assets of over £1.3bn—which led to the suspension of its two investment managers, though still far from clear, suggest a serious deficiency either in the investment strategy of the trustees or in their surveillance of their investing officers.

Such sudden discoveries in the financial sector invariably arouse a demand for greater and more formal policing, all the more so when the area is one where outside supervision is presently cursory to the point of inaction.

Pension funds are not even required to produce accounts and for some time there has been growing concern at the lack of certainty as to whether they are managed with probity and prudence. Some City cynics have even gone so far as to suggest that it was only a matter of time before a scandal of major proportions was unveiled. At a recent seminar, Mr. Michael Ransall, a partner, accountants Peat Marwick Mitchell, called the pension fund movement "one of the most obscure areas of financial reporting." A leading pension fund manager admitted privately that the framework within which most pension fund monies were invested "does not bear examination."

Such fears are already stimulating connected professional and trade associations to seek ways to improve the management of the movement. The National Association of Pension Funds, which numbers most of the large funds among its 1,700 members, is to study a draft Code of Practice at its annual conference in May. Among other matters, this recommends annual audited accounts supplemented by a profile of investments and an actuarial statement.

The Accounting Standards Committee is going further with an exposure draft due out in a few months which will propose a standard method of accounting for company pensions.

Both of these moves, however, are still tentative and their first published expression is likely



Sir Harold Wilson has already hinted that his report will insist on tighter control of pension funds.

to be less than satisfactory. Meanwhile no recognisable framework exists, even by way of self-regulation, which goes anywhere towards satisfying demands for strict accountability by financial institutions.

In this vacuum the clamour for statutory regulation is all the more understandable. In the main it has come from the trade union movement, which after all has the most vested interest in its own members' retirement savings, and which has a tradition of seeking legal and parliamentary solutions to problems. The trade union movement is thought to have expressed its views forcibly on the Wilson Committee though its arguments for tighter supervision of pension funds have been somewhat confused by a parallel but different demand for political direction of a minimum proportion of their funds into designated "socially desirable" investments.

Minimum level of regulation

At the very least the committee will probably have been persuaded of the need to recommend legislation to require funds to produce annual audited accounts. Enforcement of an annual meeting of members and the public display of accounts would be natural corollaries of this.

The arguments for such a minimum level of statutory regulation gain force from the many times more stringent supervision applied to the insurance industry which is now very little larger than the pension fund movement.

But before such recommendations are legislated upon,

however unexceptionable they might appear, the Government would need to take serious account of the practical dissimilarities between insurance and pension sectors.

One reason why control of the insurance industry can be so rigorous is that only a limited number of companies is involved—there are, for example, only about 80 life offices. The total number of pension funds, however, is estimated by the Government Actuary at more than 85,000. There are 2,000 with over 500 members; 300 with assets in excess of £20m.

There would be little point requiring pension funds to conform to minimum legal standards of accounting without the existence of a statutory office able to enforce the maintenance of the standard by regular monitoring. At present the Occupational Pensions Board is already stretched with the simpler job of authorising new pension funds. It is inconceivable that it could be geared up within less than a decade to a regular policing job.

For this practical reason alone the self-regulatory route, via the accountancy bodies, looks a better bet and the governmental role could be restricted to laying down a bare framework to be monitored, as with company law, by auditors.

Problems would still remain, however. It is ironic that the Electricity Council fund is one of those which voluntarily produces annual accounts (though it promptly negates much of the benefit of its provision by refusing to put them on public display) and withholding them even from serious outside inquiry. Moreover, at the time its particular problem with

Westmoreland Investments was assuming crisis proportions, these accounts were audited without qualification by Peat Marwick Mitchell.

The statutory route also looks less attractive in the light of recent U.S. experience. Here the introduction of stringent legislation designed to safeguard retirement savings has had the unfortunate effect of driving some companies to abandon industrial pension schemes altogether, and others to impose ultra-conservative investment strategies carrying prudence to the point of buying Government paper only.

Such considerations have inclined professional observers of the pension fund movement to seek the solution to better supervision of funds through improvement of the existing mechanisms, particularly the trustee system.

Legal responsibility for the preservation and management of employees' retirement savings rests with the Board of trustees which every fund is required to have. Composition of the trustee Board, however, is left to the Board of the related company and varies widely.

The most common profile is for the trustees to be drawn in equal numbers from company officers and employee (usually trade union) representatives. Usually the chairman is a senior company Board director, often the deputy chairman or financial director. However, the company secretary sometimes assumes the role.

There is well founded misgiving about this structure. The employee representatives, while usually experienced trade unionists, are unlikely, except in individual cases, to have the sort of commercial

and investment expertise which would enable them to monitor their investment management either in-house or external, sufficiently closely.

The company officials, while possibly more equipped by training for the task of laying down investment strategies and supervising performance, are frequently overworked in their other company capacities, and may also be subject to conflicts of interest, since they are employees of the company and not the fund.

Of the major funds only the biggest, the Post Office, has an entirely independent fund. It is administered under a trustee corporation whose board of nine, while including company and worker representatives, is dominated by senior directors of leading merchant banks.

There is a strong body of opinion that trustee boards should be reconstituted to establish a degree of independence from the parent company and should include at least one independent professional with wide commercial and investment experience.

However, it is not only the composition of trustee boards which has given rise to fears of inherent weakness. For the most part the trustees are appointed with merely the simple brief to be responsible for the funds' investments and distributions. Precise job specifications could, it is argued, provide vital safeguards against inconsistent performances by the trustees.

Pension fund trustees have two clear roles on the investment front: to lay down an overall investment strategy and to monitor and support their officers' investment tactics in the light of that strategy. In practice, most trustees delegate those responsibilities to an investment sub-committee which effectively has complete control both in formulating strategy and supervising performance.

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This authority—it could easily be the Bank of England or its main arm in the investment area, the Council for the Securities Industry—would vet the compositions of trustee boards of, say, the 2,000 funds with over 500 members. It could also advise companies where appropriate independent professionals might be sought as trustees.

The same authority would also instruct the trustees in their specific duties. This would not need to be done on an individual basis—a practical impossibility. What is required is a set of guidelines by which trustees could examine their investment strategies and which would offer parameters for monitoring performance against those strategies.

The guidelines could take the form of a code of practice, not dissimilar to the general principles laid down in the City Code on Takeovers and Mergers. Once formulated it would need only occasional updating.

Discussions along these lines have thrown up an even more radical proposal for the establishment of a small supervisory executive body to administer such a code along the lines of the Take-over Panel.

It is possible that the proposal would founder on closer examination, not least because it is unclear what action such a panel could usefully take if a fund did deviate significantly from the code—it might, after all, prove to be a brilliant investment innovation to do so.

A lesser obstacle would be in arranging for deviations from the code to be drawn to the panel's attention. That might be overcome by a requirement for the published accounts of the funds, distributed to the Press and professional bodies, to include a statement on the funds' adherence or deviation from the code in particular instances.

To give just one example: the code might sensibly lay down that no single investment by the fund should exceed a fixed proportion of total assets. The trustees would have the freedom to waive that requirement but the accounts would need to particularise any instance in which an investment exceeded that proportion.

The debate over the management of £40bn of the country's savings, which has tended to die down since the Wilson Committee went into its long drafting recess has already been re-stimulated by the Electricity Council's problems. It will no doubt become noisy once the Wilson report is published. But this may not be for several months yet (the heaviest betting is now on an autumn publication date).

Meanwhile much could be achieved by voluntary action in pre-empting or mitigating the worst effects of over-restrictive and costly statutory regulation at the same time as laying the framework for an improvement in viable control of the management of the movement.

Independent member

The composition of this pivotal committee is all too often incestuous. It is frequently composed of the investment executives or dominated by them with little more than token chairmanship by the trustees.

One simple improvement would be to introduce at least one independent professional at this level. Some companies have already taken steps in this direction by the appointment of a general manager or chief executive to whom the management reports.

A more radical, but still practicable improvement—which has already gained some adherents within the Wilson Committee and elsewhere—is the establishment of a trustee watchdog charged with the dual responsibility of vetting the composition of trustee boards and laying down their specific duties.

MEN AND MATTERS

Avana rounds off its menu

The adventurous Dr. John Randall, who has helped quintuple the profits of the South Wales food firm Avana since he took over as managing director five years ago, now boasts that with his latest acquisition, he can offer a full menu of top-quality foods.

Well entrenched at the high-quality end of the market for foods ranging from fruit juices through meat products to desserts, Randall has now acquired the coffee to complete the meal. For a £200,000 outlay he has just bought Costa Rica Coffee—no connection with the country, any more than Avana is connected with Cuba.

Based fittingly in Caribbean House, Cardiff, the company is, he says, "simply a roast coffee house" importing green beans from all over the world and roasting them for sale. Randall, however, has his eye on expansion. "Real coffee," he enthuses, "is the way the market is going. People are much more venturesome in their habits, and I have one or two ideas on how to market the product."

Looking back on the changed fortunes of Avana, which have recovered from a sorry state since his arrival, he notes that Costa Rica's profit last year was £30,000—"about half the earnings of Avana five years ago. I think we can progress from there, despite the recession."

A devout follower of the "small is beautiful" creed, insisting that growth should come from innovation and new top-quality products rather than expansion into high-volume output of established quality lines, Randall concedes that for the moment at least Nestlé has no reason to lose sleep over his venture into the coffee trade.

He ought to know. As technical director of Nestlé he was responsible for introducing Gold Blend instant coffee to

Britain in 1966. At the moment, he says, Britons drink about 2½ cups of the beverage a day, and some 98 per cent of all sales are instant coffee.

"Look at it this way," Randall confides modestly. "Nestlé buys more than one out of every six bags of coffee produced in the world. Costa Rica would probably buy only one bean from each of those 60 kilo bags—and even then I think I may be exaggerating."

Doctors' dilemma

While you and I and several million others go to hospitals seeking comfort and the application of the healing touch to our physical ills, there it seems, a growing section of the community which views them as places which provide cures for financial ailments and outlets for their grievances against "the system."

Nothing is sacrosanct, according to Eileen McKerral, chief security officer at Charing Cross Hospital, who is struggling to rouse interest in a seminar on hospital security later this month. "Thieves will take virtually anything that will move," she says. Cables or disappearing linen, equipment and even X-ray film (for the silver content) are commonplace. And she reflects ruefully on the recent grand coup in which £132,000-worth of rubber gloves were converted into pocket money by fraudsters.

Increasing sophistication in equipment has raised the value of the loot to be pillaged from the wards and laboratories. There is even, I understand, a ready market for items such as purloined electron microscopes. John Nichols, security officer for Hammersmith South District, points to the advantages of having properly trained security staff in hospitals. With 15 under his control including a dog handler prowling the perimeter of Charing Cross, he claims to have reduced personal attacks on hospital workers by 80 per cent. So far this year he has logged only one such assault.

Ten years ago, he recalls, there were about 18 senior security experts in the whole UK hospital network. Now there are some 160, excluding staff, and there are still not enough.

His concern, however, is apparently not shared in other areas. In 1979 English hospitals alone lost £7m through reported cases of theft, vandalism and fraud. The Government acknowledges this is only a tiny fraction of total losses. And yet for the coming seminar only 20 applications have been received from the 400 hospital districts in the country. "All things considered," says Nichols, "this is bad. Either most of them do not suffer with security problems, or they do not want to admit they have any."

Dog's chance

I make no apologies for disinterring yet again a bone of contention I have been gnawing intermittently for some months. As I reported in January, hoping vainly to catch the eye of the Budget-balancing Chancellor, the cost of dog licence fee collection in 1978 exceeded income from these dirt-cheap (37p) documents by £600,000. In the current year, the Government now says, the net cost of this public subsidy to pet owners is likely to £1.5m. Further Whitehall arithmetic reveals that following Ulster's lead and raising the licence fee to 25 would yield a net income of more than £11m. Maybe next year, Sir Geoffrey...

Food for thought

Poland's state broadcasting network is quite happy to knock capitalism. After all, that is part of its job, and therefore it came as a surprise the other evening when the main television news programme devoted a major item to the growing divisions within the European Community over its Common

Agricultural Policy

What was surprising (although perhaps it should not have been) was the reaction of viewers. In 1970 bloody riots, triggered by a decision to raise meat and other prices, led to government changes at the highest level, and again in 1976 similar rioting erupted over an attempt to institute price rises overnight. Long queues for food have long been commonplace in Poland, and only a few weeks ago the Government warned of another five years of austerity.

So, when out on to Polish airwaves went long, lingering pictures of vast, neatly stacked stores of EEC food unwanted in the Community, the reaction was immediate. Consumer frustration burst into a barrage of telephone calls to television headquarters. The viewers' message was simple: put Poland forward as a prospective member. Almost to a man they said that if food glut were at the root of the EEC crisis Poland had a considerable contribution to make as a consuming member.

Shocked media men quickly prepared another item to demonstrate that the EEC was no paradise. This time, Mr. Maciej Szczepanski, head of radio and television, personally checked the content of a more critical feature on what in the Community are called "disadvantaged areas."

Horror movie?

Eyebrows were raised in my office yesterday afternoon as the BBC, hard at work on a Jim'll Fixit stunt, trundled a hay wagon along Cannon Street into the Square Mile. They were also raised (accompanied by mutterings of "do they know something we don't?") outside the Stock Exchange in Threadneedle Street where an ITV team was busy filming an episode of the spine-chilling series Tales of the Unexpected.

Observer

"I don't know who's ahead, but it's either Oxford or Cambridge." Congratulations, John.



Computers and the threat to privacy

IT IS 1988. The Inland Revenue has reason to believe that a tax return is telling less than the truth. Using the master number assigned to each citizen, a tax inspector asks the government computer centre for its surveillance file on the individual concerned.

The government computer centre has smaller versions of itself in the Education Department, the Health Ministry, the Home Office, the police and the armed forces. Using the same number it also interrogates the Post Office's central records system and computers belonging to a variety of organisations and they have no intention of allowing the computer systems under their control to be linked together.

But since those words were written in a White Paper in 1975 the capacity of computer systems has expanded enormously. Within ten years it will be technically feasible to link within seconds disparate systems—both public and private—in the way described above. Computer record systems are already advanced enough to sort out and cross-reference amounts of information that, even ten years ago, would have been practically indigestible.

The very existence of this capacity is enough to frighten some civil libertarians who fear that it is only a matter of time before it will be utilised. This is perhaps the extreme view. Yet the fact remains that if central government, or any company had rapid access to such a "surveillance file" on individuals it would greatly enhance their power... for good or ill.

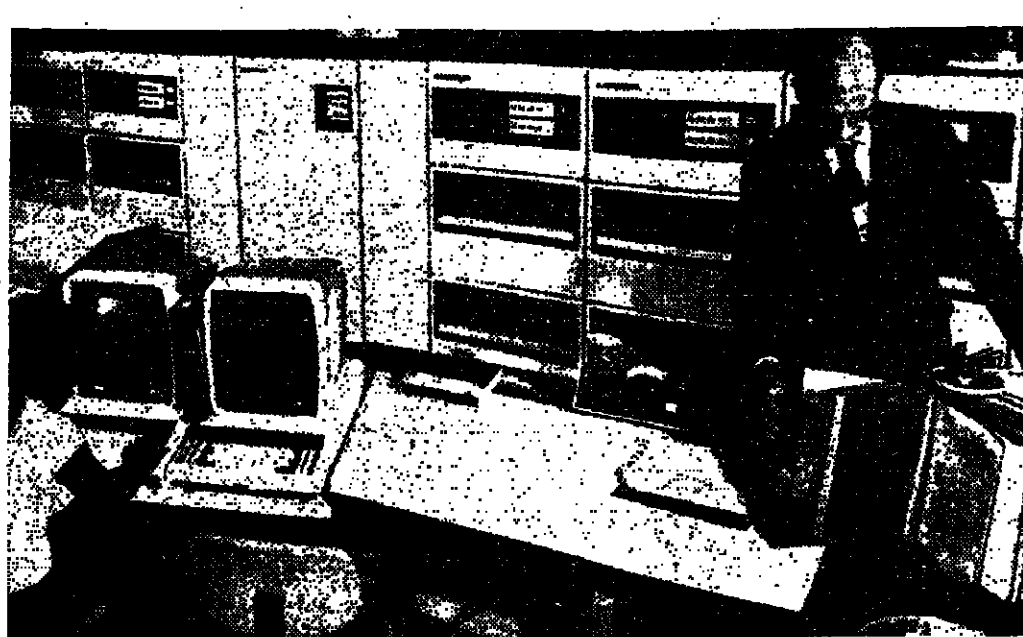
In one sense the mere presence of the computer changes very little. The information that is now slowly being transferred on to computers has always existed—gathered dust in filing cabinets. The Inland Revenue, or any other body with the right to see it, could always do this.

But what has changed is the speed—and, more important, the ease—with which these records could now be examined and compared. Before computers recorded the length and destination of all telephone calls, for example, it was always possible to track them down by hand but it was an arduous business.

Paper-based files also have to be kept in one place. Access to them requires the presence of a person doing the searching. But with the computer, an unknown searcher may be sitting at a remote terminal hundreds of miles away, provided he has the right code word to gain access to the computer.

The Government and the computer industry have discussed the issue of privacy for more than a decade. A Committee on Privacy under Sir Kenneth Younger reported in 1972, and said of computerisation that "we cannot on the evidence before us conclude that the computer as used in the private sector at present is a threat to privacy, but we recognise there is a possibility of such a threat becoming a reality in the near future."

In 1975, a White Paper, "Computers and Privacy," came to roughly the same conclusions on computers in Government and the public sector. It said:



The Police National Computer, based in Hendon, North London

"The time has come when those who use computers to handle personal information, however responsible they are, can no longer remain the sole judges of whether their own systems adequately safeguard privacy." The White Paper proposed the establishment of a Data Protection Committee.

The report of the Committee on Data Protection (Lindop Report) took up the proposal for a data protection body. Published in December 1978, the report argued that a Data Protection Authority should enforce codes of practice which "would prescribe such matters as the data to be handled, the uses to which they are to be put, their disclosure to data subjects and third parties, the assurance to be given when they are collected, the safeguards for ensuring their accuracy and the circumstances in which users must seek the consent of data subjects or authorisation from the DPA."

The necessary spade-work has been done and done again. There have been committees, reports, seminars, learned papers, articles and protests; and that is where it rests.

The immediate result is that the number of data banks in both public and private hands is increasing, without any legislation which is centrally concerned with their use. Indeed there are laws which provide safeguards in related areas. The Consumer Credit Act of 1974, for example, allows the individual access to the information—generally computerised—on which a company has turned down his request for credit. There are also general ethical and professional standards which it may be assumed are enforced. But no Act is yet on the Statute Book which grapples with the potential of the technology and safeguards citizens, associations or corporations from its misuse.

Thus while most Western

countries have adopted statutory

curbs on access to computerised data, Britain is still in the position of being, in the words of one manager, a "dirty data haven." This "legislative gap" may already be leading to some commercial loss. European or U.S. companies which wish to store and use data in the UK might be deterred if they cannot offer their clients the same standards of security to which they are accustomed in their home countries.

Those most concerned with the issue see a dichotomy at the heart of it. Mr. Joe Kenny, chairman of the committee on privacy established by the British Computer Society, argues: "On the one hand, computerised records are often more secure than paper ones, because you both have to get into the building and be expert in assessing data. But it also allows you to manipulate data in ways that were not

originally intended: you can cross-reference rapidly to different

sets of information." The most controversial data bank (though not necessarily the one with the most potential for control, as we shall see) is the Police National Computer, based in Hendon. It holds the records of 22m car registrations, updated daily from the Vehicle Licensing Centre in Swansea. Any police constable can, within minutes, find out the owner of the car in front of him by using his radio, and with the aid of the computer terminal in his local police station.

Among other things, the computer, which handled 40m inquiries last year, also has access to an index of 3.5m people who have been charged with, or convicted of, an offence, a further million aliases and a highly developed system of name matching (the actual criminal records of these people, however, are not on the computer and are held in local police stations).

In addition, the Metropolitan Police has a computer which it is said to share with the Special Branch, and several local police forces have been experimenting with computer systems.

The Thames Valley Police is currently evaluating an experiment to computerise an enormous amount of local police intelligence of the kind once held in the brain of a station sergeant.

The suspicion which has surrounded the operation of the Police National Computer, highlighted by cases (as yet unproven) of possible misuse of data which might be contained on it, is, say the police and the Home Office, almost wholly without foundation. It is certainly at times the case, as policemen often like to emphasise, that the most vocal suspicions come from those groups which have at best an ambiguous view of the police, or of the policing function itself.

This suspicion that control of information will lead to forms of control goes far beyond police work. It is now increasingly worked by workers and their unions, faced with radically new work practices as offices, and to a lesser extent plants, introduce electronic data, word and text processing equipment. Computer-based office telephone exchanges now offer the facility to management of monitoring, day by day, the numbers to which its employees place calls. Computerised word processors allow remote work measurement. Many unions, including the Association of Professional, Executive, Clerical and Computer Staff (APEX) views these trends as disturbing.

Mr. Tim Webb, whose responsibilities for the Association of Scientific, Technical and Managerial Staffs covers the electronics industries, thinks the coming generations of office equipment will lend themselves to the introduction of piecework and bonus systems. "You can now monitor centrally the number of accurate keystrokes on an electronic typewriter or word processor. The high cost of the equipment will mean a need to utilise it for longer periods than now. That combination is bound to lead to pressure for piecework or shift-work, especially in offices, not organised by trade unions. Mr. Webb, who recognises there is a need for increased productivity in the office, is still against such moves—"I don't like going back to working under the crack of the whip."

If the worker may feel this way, so may the consumer. For here too, greater computerisation offers greater speed and convenience in transactions, but also carries with it the potential for control.

Almost everyone makes several purchases a day. When and if cash and cheque transactions are replaced by a general system of electronic funds transfer—where purchases are directly and immediately debited to the customer's bank account through a point-of-sale terminal—a record is created in the customer's bank of his movements hour by hour. It is a classic instance of a system designed to serve a benign commercial purpose carrying within it a malign potential. No police network in the world has such monitoring power.

Letters to the Editor

Property owning

From Mr. H. N. Darling
Sir—I applaud the clarity of Mr. Roaf's prose (April 3), but his argument is based on a fallacy. If house mortgage interest rates were allowed to rise to open-market rates, first time buyers would gain, as I shall attempt to explain.

Each quarter the Nationwide Building Society publishes graphs showing house prices and average earnings. Over the long term the two graphs correlate very precisely, as they must do. "House prices" are determined by buyers' ability to pay, which particularly for first time buyers is determined by their earnings. In addition first time buyers have the problem of finding a deposit. The deposit hurdle for first time buyers from poorer backgrounds.

If, as Michael Cassell's article (March 25) suggested, house mortgage interest rates were allowed to rise to open-market rates, first time buyers would find it harder to finance their purchases. They would only be able to support smaller mortgages, so house prices would fall (or rise more slowly). A new equilibrium between house prices and earnings would in due course be reached. Far from making it harder for first time buyers, this would make it easier. The cost of servicing their mortgage would be the same, because although interest rates would be higher house prices would be lower and they would have smaller mortgages. Their deposit would be smaller for the same reason.

The beneficiaries of higher mortgage interest rates would be not only first time buyers who would need to raise smaller deposits, but also building society depositors who would receive a more equitable return on their money.
H. N. Darling,
80, Waldemar Avenue, SW6.

Negotiations on cocoa

From Mr. Kabir-ur-Rahman Khan
Sir—The failure of the members of the International Cocoa Organisation to reach an agreement even on the continuation of the organisation has, in my view, highlighted the organisational shortcomings of the contemporary international commodity agreements.

Unless some measure is taken immediately, the demise of the International Cocoa Organisation and the ensuing adverse effect on other commodity organisations is inevitable. It will be a severe blow to international co-operation if all the useful work that the organisation has done is allowed to be discontinued and no joint machinery comprising consuming and producing countries is provided.

As with general trade, there is a need for an international commodity trade organisation. The proposal for establishing a general agreement on commodity arrangement—on the lines of GATT—was first made in UNCTAD 1964, later reiterated by the Commonwealth Conference in 1975. An international commodity organisation—as distinguished

from an agreement covering several commodities—will on the one hand provide a permanent framework of international co-operation independent of short-term regulatory agreements and on the other enable the members, as in GATT, to negotiate in an orderly and unpressured manner.

Secondly, looking to the future, negotiations on cocoa should perhaps be transferred to the framework of the Integrated Programme for Commodities (IPC). The constraint of conference resolution 93 (IV), to the effect that the negotiations on commodities which are already regulated by an ICA should be conducted according to the procedure established by the organisation concerned no longer obtains. By taking this step, at the least the impetus for consultation will be maintained.

Mr. Kabir-ur-Rahman Khan,
Department of Public International Law,
Old College,
South Bridge, Edinburgh.

When daddy comes home

From Dr. John Walker
Sir—What an excellent idea of Alan King's (April 1)—a nine hour pay day. Four day week. An additional advantage for us commuting fathers is that we would see more of our young children. Mine are usually in bed when I leave home, and in bed when I return in the evening. ("Daddy is the man who comes to stay at weekends.")

Unfortunately, if you have a season ticket, as I do, you will not reduce your expenditure at all. Nonetheless, I will attempt to persuade my own company to introduce this scheme immediately.
John Walker,
7, Church Path,
London, SW19.

Those Post codes

From the Managing Director, Electromedica
Sir—My company is in the mail order business and makes extensive use of the postal service. Whilst there has been a vast improvement in the service compared with 1979 a small percentage of our mail is still suffering delay, becoming lost in the post and being misdelivered.

I question whether the Post Office can be following its own advice to consumers in the current campaign to encourage the use of Post Codes. If they were, presumably, it should not be possible for mail to be misdelivered by several miles whilst bearing the correct post code! Neville Cheek,
PO Box 3,
Bournemouth.

The wrong questions

From Mr. B. Dodd
Sir—Recently my company agreed to participate in a postal survey. Taken today (April 2), this coincided with your leader comments on the Post Office Monopollies report. The extent to which it is out of touch with its customers is shown by the enclosed questionnaire. Some of them are of important questions omitted are:—
Class of Mail (1st or 2nd).

Electronic messages

From Mr. P. Holroyd
Sir—The article by John Lloyd in the Management Page (March 28) prompted me to look at some of the "historical" data of the growth of telecommunications. A simple analysis of the expenditure figures on telecommunications and letterpost from 1963 onwards shows that throughout this period there has been very consistent, regular and persistent pattern of transfer of use from material to electronic messages within the UK.

The regularity of this substitution pattern, backed by the equally regular phase space pattern now used by planners suggest that by 1985 annual expenditure in real terms on telecommunications could be of the order of £5.1bn whilst that on the letter post will be about £400m—compared with 1978 expenditure of £900m and £160m respectively.

Such a persistent substitution pattern, if it were to continue in the way described would have many socio-economic implications for businesses and people in the communications field: from the effective distribution of R and D costs to the concern for future manpower requirements in these areas.

I wonder if it is too early to ask if these and similar problems are being given consideration by the decision-makers within our communications industry? And if not, what evidence is there that such problems will not, in fact, arise?
P. Holroyd,
Senior Research Fellow,
Bradford Group for Forecasting and Policy Alternatives,
University of Bradford.

Funding of pensions

From Mr. L. G. Brookes
Sir—I hope Mr. Bandey (April 1) the president of the Society of Pension Consultants, will forgive me if I say his view of pension provision is that of an accountant and takes no account of the economic realities.

When we stop working, we are, in the last analysis, in much the same position as the aged members of extended families like those in countries such as Afghanistan—as I used to point out to my childhood friends when they complained about paying more income-tax than I did. We do rely on the output of our children and grand-children to support us. Without that, Mr. Bandey's pension funds would be useless. It follows that the pay-as-you-go method more accurately reflects the economic realities.

We do have to worry about the possibility of falling output in the future. This makes it more sensible to link pensions to the wages index rather than the prices index—which is what civil servants sought originally but were refused.

Inflation proofed

From Mr. S. Hasan
Sir—Private employers are traditionally reluctant to commit themselves to inflation proofed pensions. But they are quite prepared to commit themselves to pensions based on final salary. Yet a final salary pension does expose the employer to the full inflation risk from now up to retirement.

In effect, therefore, pensions are inflation proofed up to retirement. But when the retiring employee walks out of the door, clutching his farewell present, he is out in the cold. I should think that for many employers, the aggregate inflation risk which is accepted under final salary schemes up to retirement would, perhaps, be in total the risk after retirement. So the sharp contrast between the serving employee and the retired employee seems strange.

The serving employee is over-protected. The employer's aggregate acceptable inflation risk (whatever that may be) should be spread equitably between serving and retired employees. This would mean some retreat from final salary schemes, coupled with a greater commitment to compensate pensioners for part of post retirement inflation.
S. Hasan,
Chandigarh Road,
Karachi, Pakistan.

Standards maintained

From Mr. B. Webb Ware
Sir—The president of the Society of Pension Consultants has challenged my views on pensions at length and with vigour.

I have no vested interest in the pay-as-you-go system, but I am deeply concerned that pensioners, often old, ill and poor, should have their living standards maintained. The Chancellor, whose realism Mr. Bandey praises, thankfully shares that concern by stating that he will maintain the purchasing power of the old age pension while reducing social security benefits to those able to take care of themselves.

In stating this he has avoided any temptation to freeze the old age pension as at a pensioner's retirement date on the grounds that the pensioner has not paid for anything more, which is the basic philosophy of most industrial pension funds.
B. Webb Ware,
Stober Cottage,
Grafton, Sussex.

Forced closure

From Mr. E. Loewy
Sir—The paragraph in your issue of March 31 about the demise of Peter Lind and Co. makes sad reading. I am sure that most engineers who have

had experience of working with Lind's on civil engineering projects, particularly as consulting engineers, will have an appreciation of the excellent planning, site control, temporary works, imaginative techniques and keen pricing which were to be found on all their jobs.

It is a deplorable comment on some of our public sector authorities—especially the financial departments—that such a valuable element in the nation's industry should be forced to close, not because of poor record of insufficient order book (as say BSC), but because of delayed payments and only too common foreclosure by banks insensitive to considerations other than short-term financial ones. This is perhaps another example of the unnecessary decline of our economy.
E. Loewy,
Newcombe House,
45, Nottingham Hill Gate, W1.

Consulting engineers

From the Secretary, The Association of Consulting Engineers
Sir—In civil engineering and construction, where each project encompasses different criteria and variables, research and development are a constant, ongoing process. Innovation and improvements are generated on new projects, born from past experience and increased knowledge of the problems to be faced and the materials being used.

British consulting engineers have been able to sell this knowledge extensively overseas and have thus been obliged to update and sharpen the competitive edge of their designs and remain in highly competitive world markets. Once upon a time consultants achieved results in the design of machinery such as early railway engines and rolling stock but the total loss of a home market has meant that very few consulting firms are now active in such mechanical design work.

This gradual erosion of their home base has more recently been spreading into other areas such as road design, water supply and sewage disposal. Throughout construction and in these sectors in particular, ever more design work has been undertaken within government departments by public servants.

This must gradually affect the innovative flair of consultants so that their ability to compete successfully abroad will gradually be impaired. Their credibility abroad will be lessened if home Governments are seen to take designs elsewhere. It is impossible to train a new stock of competent engineers on an inadequate amount of work in this country.

The lack of cross-fertilisation must gradually result in less competent uneconomic in-house design within government departments (or their local authority equivalents) with expensive designs remaining undetected through lack of a competitive market or even the constant need to take stock of new ideas being developed.

This association would hope to see Government action so that an adequate workload exists in England for consultants to remain at the forefront of engineering design. (Major-General) P. J. M. Pelle-reau,
The Association of Consulting Engineers,
12 Caxton Street, SW1.

Today's Events

OFFICIAL STATISTICS

Wholesale price index numbers (March—provisional). Final retail sales figures for February. Hire purchase and other instalment credit business (February).

COMPANY MEETINGS

Anglo-American Securities, Bucksbury House, 3, Queen Victoria Street, EC2, 2.45. Gillette Brothers Discount, 65, Cornhill, EC3, 12.30. Kodak International, Kodak House, 43, Bath Road, Swindon, Wilts, 12. Western Selection and Development, 25-35, City Road, EC2, 12.

COMPANY RESULTS

Final dividends: Ash and Lacy, Blackwood Hodge, Croda International, Danish Bacon, Dreamland, Electrical Appliances, Empire Stores (Bradford), Gill and Duffus, Group, Greenbank Industrial Holdings, Guardian Royal Exchange Assurance, Helene of London, S. Jerome and Sons (Holdings), Pearl Assurance, Ruberold, Tripleview, Interim dividends: Ferry Pickering, Group, North Atlantic Securities Corporation, Peters Stores, Startrite Engineering Group, Interim figures: F. Copson, Alfred Walker and Son.

"I didn't see the point in consulting a merchant bank!"

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UK COMPANY NEWS

Highland Distilleries well ahead to over £3m midway

IN THE first six months to February 29, 1980, taxable profits of the Highland Distilleries Company moved well ahead from £1.92m to £3.05m. Sales rose by £5.7m to £38.45 reflecting an increase in all sectors of the business, with the most significant contributions from The Famous Grouse and mature whisky sales.

Home trade sales of The Famous Grouse represented a market share of over 7 per cent in the 1979 calendar year. Sales in Scotland and England continue to show a strong upward trend, while overseas, work is continuing with the group's distributors to develop the product into a major international brand.

The net interim dividend is lifted from 0.55p to 0.8p per 20p share—last year's total was 2.1p on record pre-tax profits of £4.63m.

The initial response to the introduction of the group's three aged bottled malt whiskies has been most encouraging. Mr. John Macphail, the chairman, states:

"The group's distilleries continue to operate at a high level of output and the expansion of Glenrothes distillery is virtually complete. Fixed assets expenditure in the period increased to £1.06m, against £0.55m last time. No provision has been made in the interim results for professional fees and expenses in connection with the lapsed takeover bid from Hiram Walker or its investigation by the Monopolies and Mergers Commission. Expenses are estimated at £200,000 which will be treated as an extraordinary item in the 1979-80 accounts."

PRE-TAX profits of John C. Small and Tidmas, manufacturer of knitted fabrics, fell substantially from £314,950 to £167,965 after interest up from £31,540 to £68,636 in 1979. At the half-way stage, the pre-tax profit had improved from £127,316 to £162,632.

The final dividend is reduced from 2.9p to 2p, but the total is unchanged at 4p.

Under tax down from £18,880 to £18,344, stated earnings per 25p share were cut from 24.55p to 12.47p. Profit attributable was reduced from £296,050 to £149,621.

Turnover for the year improved from £4.35m to £5.46m.

RESTRUCTURING AT NEWAGE

Newage Engineers, a member of the Charterhouse Group, has restructured its operations in a move to improve efficiency and to emphasise its different

activities.

The divisional structure has been discontinued in favour of a holding company with three separate operating companies reporting to it, the new companies being: Newage Engineers (Holdings), the holding company; Newage Engineers (formerly the electrical division); Newage Transmissions (formerly the transmissions division); and Newage Marine Propulsion (formerly the marine propulsion division).

Six months

1980 1979

Sales 6,000 5,000

Depreciation 38,432 29,735

Trading profit 1,128 2,135

Interest paid 278 426

Investment income 182 155

Profit before tax 3,032 1,924

Taxation (121) 121

Net profit 2,911 1,803

† Represents A/C on dividends declared. Comparatives adjusted.

See Lex

SPAIN

April 8

Banco Bilbao 226 +0.5

Banco Central 250 +0.5

Banco Exterior 226 +0.5

Banco Hispano 226 +0.5

Banco Ind. Cat. 130 +0.5

Banco Madrid 154 +0.5

Banco Santander 280 +0.5

Banco Urquijo 156 -0.3

Banco Vizcaya 222 +0.5

Banco Zamora 202 +0.5

Dragados 100 +0.5

Española Zinc 62 +0.5

Fecsa 55.5 +0.5

Gal. Pecuaria 30 +0.5

Iberdrua 88 -0.5

Hidroila 64.2 -0.3

Petroler 108.5 +0.5

Petroler 89 +0.5

Sofelisa 607 +0.5

Telefonos 95 -0.2

Union Elect. 62.7 -1.8

HIGHLIGHTS

The gilt-edged market improved yesterday, though equities were in retreat. The Lex column looks at the factors which are causing some revival of demand for gilts with interest increasing ahead of tomorrow's banking figures. Elsewhere Lex looks at the ups and downs in the secondary oil sector following the announcement last week of drilling results in block 16/3A. A big profits jump at the half-way stage was revealed by Highland Distilleries, currently subject to a Monopolies probe following the Hiram Walker bid, and terms were announced of the proposed bid by Hongkong and Shanghai Banking Corporation for Antony Gibbs. On the inside pages there are some buoyant figures from Erith and a small dip at Barton following the engineering strike.

Good start for Neil & Spencer

AFTER reporting record results for the year to November 30, 1979, Mr. John J. Boex, the retiring chairman of Neil & Spencer Holdings, told the annual meeting that trading during the first few months of the current year had been satisfactory.

But he warned that the adverse factors of rapid inflation and high interest charges could affect the group's business at some stage. In the longer term the group was well-placed for a period of considerable development because, quite apart from its traditional activities, it served some interesting growth areas, he added.

Pre-tax profits for the period under review improved from £1.03m to £1.74m, turnover of £21.86m against £15.12m. Major freehold premises were professionally revalued in January, 1979, on an open market vacant possession basis and this indicated their market value exceeded their net book value by £500,000.

During the year the value of goods directly exported or sold by overseas subsidiaries increased substantially and represented 54.1 per cent of total sales.

The level of activity in laundry and cleaning industries in the UK remained high but demand from the public sector was disappointing.

The board anticipates substantial growth in future years for Em. D'Hooge NV.

Small and Tidmas falls behind

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April 8

Banco Bilbao 226 +0.5

Banco Central 250 +0.5

Banco Exterior 226 +0.5

Banco Hispano 226 +0.5

Banco Ind. Cat. 130 +0.5

Banco Madrid 154 +0.5

Banco Santander 280 +0.5

Banco Urquijo 156 -0.3

Banco Vizcaya 222 +0.5

Banco Zamora 202 +0.5

Dragados 100 +0.5

Española Zinc 62 +0.5

Fecsa 55.5 +0.5

Gal. Pecuaria 30 +0.5

Iberdrua 88 -0.5

Hidroila 64.2 -0.3

Petroler 108.5 +0.5

Petroler 89 +0.5

Sofelisa 607 +0.5

Telefonos 95 -0.2

Union Elect. 62.7 -1.8

Rowan and Boden improves

TAXABLE profits of Rowan and Boden, furniture, plastic manufacturer and floor and deck covering contractor, improved from £604,277 to £687,363 in 1979 on turnover of £11.41m against £9.98m.

The dividend is lifted from 1.47142p to 2.21p with a final 1.31p. After tax of £78,911 (£1,802), earnings per 25p share are shown as 15.06p (14.95p).

At midway, profits had risen from £60,000 to £820,000.

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Second half rise leaves Erith ahead by 42%

SECOND half profits of Erith and Co. builders' merchant, advanced from £668,509 to £1,03m leaving the taxable surplus for 1979 ahead by 42 per cent at a record £1.65m, compared with £1.17m.

Demand for building materials, from the home improvement, maintenance and small works sector of the industry, continued through the six months to December, the directors state.

At the interim stage they said that given a continuation of the current trading climate, they looked forward to a record year.

Stated yearly earnings per 25p share are 18.34p, against 12.47p, and the dividend is stepped up to 7.5p (6.13p4p) net, with a final payment of 5p. Also proposed is a one-for-one scrip issue.

Turnover for 1979 rose from £25.1m to £28.52m. Profits were struck after depreciation of £271,072 (£200,044), interest £161,406 (£94,291), and pension

fund contributions of £128,745 (£109,700).

Tax for the period took £787,743 against £609,366 and after an extraordinary credit of £246,801 (£1,140) the attributable balance emerged well up at £1.1m, compared with £668,509.

The extraordinary items arose from the sale of the shareholding in Tunnel Holdings, and the sale of surplus properties, amounting to £143,911; the elimination of deferred tax in respect of stock appreciation relief for 1973 and 1974 of £130,838, less the cost of £27,945, of the E. L. Hunt acquisition.

Erith is cashing in on the buoyancy of the home maintenance and improvement market. The shares gained 6p to 120p yesterday following the announcement of 42 per cent profits growth. A turnover increase of only 13.5 per cent shows the swing from low-margin direct trade to high-margin ex-depot

sales. The proportion of direct trade, which includes bulk sales of bricks, cement and the like, in the company's turnover has dropped sharply to 40 per cent since the removal more than two years ago of margin controls on distributors.

The ex-depot trade comes from DIY enthusiasts, full-time jobbing builders and "black economy" moonlighters in proportions that are difficult to estimate. Two years ago, Erith was stung with a rash of bad debts as tight economic conditions drove builders out of business. The company is hopeful the remaining participants will be more resilient this year. Severe weather hurt sales in the winter of 1978-79 but the mild weather hurt sales in the winter of 1979-80 but the mild weather has been helpful. The yield of 9.3 per cent and fully taxed p/e of 6.3 seem to provide room for further price improvement but the shares are closely held.

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BIDS AND DEALS

U.S. purchase lets BTR into fast-growing field

BTR, the fast growing rubber and plastics and engineering group, is adding to its interests in the U.S. with the purchase of Adams Carbide Corporation, of Kenilworth, New Jersey, for \$10m (\$4.68m) cash.

Adams, which manufactures cemented carbide cutting tools from tungsten, titanium, and other hard metals, is thought to have sales of around \$20m and after-tax earnings of some 10 per cent.

Mr. Owen Green, managing director of BTR, said yesterday that the acquisition—which is being made through BTR Inc (U.S.A.)—fits in with the group's philosophy in an area where there are few companies operating.

He estimates the volume of business to be growing at about 10-15 per cent. The growth in demand has been accelerated by the introduction of exotic metal alloys in the aerospace industry which require hard-cutting tools.

Adams products are distributed worldwide from operating facilities in the U.S., Holland and the UK. Mr. Green said the Dutch operation provides another opening in Europe and the chance to expand in several other areas.

GLASSERTON RAISES OFFER FOR LIT

Following last week's offer by Factory Buildings (City) of 13p for each ordinary share in London Intercontinental Trust, the offer by Glasserton Company is to be raised from 12p to 14p per share, on the same terms as previously announced.

The agreement to purchase 26.73 per cent of the LIT equity is now at 14p and is conditional, at the option of Glasserton, upon a further 24.21 per cent of the issued capital being acquired pursuant to the general offer.

LOUIS C. EDWARDS

Acquisitions, a wholly-owned Gulliver Foods subsidiary, on April 8, acquired 75,000 ordinary shares in Morgan-Edwards as a result of exercising an option. These Morgan shares have been assigned to the share offer from LCE and Gulliver Foods has ceased to have any interest in Morgan shares.

The total interests of Gulliver Foods and its associates in LCE, pursuant to the share offer for Morgan, are: The percentages are based on the total LCE issued ordinary shares and convertible preference shares, respectively.

That will arise as a result of the acquisition of 100 per cent of the Morgan issued shares, holding of LCE ordinary 5,106,687 (20.3 per cent). Options outstanding on LCE ordinary 1,649,896 (8 per cent); holding of LCE convertible preference, 353,850 (33.1 per cent).

NO PROBES

The following mergers are not to be referred to the Monopolies and Mergers Commission: Baker Perkins Holdings/84.8 per cent of Cavalier SA, of Valencia, France; Teclon Industrial Corporation/R. and G. Cathbert; and

Ward White Group/Childs Corporation.

YULE CATTO INVESTS MORE IN NORTH SEA

Yule Catto, the industrial and commercial group, has increased its holding in Gas and Oil Acreage Limited (GOAL) to 20.6 per cent, which represents a total cost of £3.5m. The investment has been financed largely from cash resources and by realising some of the group's other investments.

GOAL, which was founded in 1978, is active in the North Sea where it holds a small interest in the Burchan Field. This field is expected to move into production by the end of 1980.

AVANA BUYS INTO BEVERAGE MARKET

Avana, the Cardiff-based food group, is entering the beverage market with the purchase of a private company, Costa Rica Coffee. Avana is paying £200,000 through the issue of 165,290 ordinary shares.

Costa Rica Coffee, which is also based in Cardiff, made profits before tax of around £30,000 on sales of £300,000 last year. The company distributes roast and ground coffee, as well as smaller quantities of tea.

Avana's managing director, Dr. John Randall, said the purchase is consistent with the group's strategy of developing

Hoffnung moving towards new period of growth

high quality products at the top end of the food market. THE £15.5m bid by Australian conglomerate, Burns Philp, has again been vigorously rejected by the Board of the defending group, S. Hoffnung.

In a letter to its shareholders posted yesterday—four days before Philp's extended offer closes—Hoffnung vehemently rejects the bidders suggestion that the defenders will be asking for a fresh capital subscription if the offer is withdrawn.

Hoffnung asserts that after the many changes that have taken place in the group over the last 12 months, "we are now on the verge of new and sustained growth."

No further provisions will be required against the closure of the Sydney and Brisbane warehouses, and the cash to be released from wholesaling and from surplus properties is yet to be tested.

Philp has pointed to the possibility that Hoffnung would be in default of the 12 per cent convertible unsecured loan stock deeds if the sale of the wholesaling operations constituted a change of use.

Hoffnung, in turn, comments that the trustees of the loan stock has "authorised it to be stated that, on the basis of the information so far provided to it by the company, the trustee considers that in the present

circumstances it would not be appropriate for steps to be taken to seek repayment of the stock."

"Furthermore, the only lenders to the group whose loan agreements contain cross-default clauses have expressed the view that such a default, if established, is technical only and have agreed to waive their right of repayment in that event," Hoffnung adds.

WARD WHITE Agreements relating to Ward White Group's acquisition of Childs Corporation have now become unconditional in all respects and have been completed.

The Pension Fund Property Unit Trust is making a new offer of units at £2.075 each to yield 5.2 per cent.

Property Units Trusts issues

During 1979 the Trust's distributions rose from 28p to 51p per unit. Total return on the units (capital and income combined), was 24 per cent.

PFPUT is invested in 127 properties with a net annual income of £11.5m. The percentage of the portfolio by value where rents are subject to review by the end of 1985 is 94 per cent.

On February 21 the total value of PFPUT was £248.6m, split as follows:

Dan-Air launch fly-and-drive

DAN-AIR, the independent airline, and car rental company Eurocar, have launched a new fly-and-drive scheme aimed at business travellers.

Passengers travelling on a domestic Dan-Air route will be able to book their flight and hire car at the same time, and the car can be left at an office other than the collection point.

Extract from the statement by the Chairman Sir Robert Fairbairn on the Report & Accounts of the Clydesdale Bank Limited for the year to 31st December 1979

The Year's Results

"Profit, before taxation, at £30,859,000 is up by £10,130,000, an increase of approximately 49% on 1978".

"Our results were influenced, of course, by high interest rates. Average Base Rate for the year was 13.67% which was 4.59% higher than in 1978, but on the other hand the margin below Base Rate paid on Branch interest-bearing deposits narrowed by 0.64% to 2.45% on average throughout the year. Our income was also increased by a significantly higher volume of activity within the Bank both at home and overseas."

"An Interim Dividend of 12% was paid on 7th August 1979 and the Board now recommend a Final Dividend of 14%, making a total of 26% for the year, an increase of approximately 10% on 1978. The balance of profit retained, amounting to £14,125,000, was transferred to Reserves.

During the year we revalued our freehold and long leasehold land and buildings on an existing use basis and as a result the surplus of £16,667,000 was transferred to Reserves bringing the total, with Retained Profits from 1979, to £89,659,000."

"At £1,393,851,000, total assets were almost 23% higher than at the end of the previous year. Total advances to customers, less provisions, stood at £835,706,000, up by £164,441,000 on the previous year, while deposits increased by £199,168,000 to £1,094,996,000."

Banking Developments

"During 1979 we continued to expand the range of our services both in response to demand from customers and to maintain our place in the competitive markets in which we operate. We introduced both Budget Accounts and Home Improvement Loans and in doing so we formalised facilities which we had been providing for many years".

"We also intimated our willingness to offer longer-term loans for house purchase in suitable cases. Here, too, we have merely formalised arrangements which previously were set upon an occasional basis as the need arose but we were conscious of the announcements being made by an ever widening circle of

financial institutions intent on capturing a share of this market".

Auto Bank

"The development programme for our 24 Hour AutoBank has moved ahead steadily over the past year with 22 units now operational and many more in the course of installation or preparation. The AutoBank card which operates these machines also gives access to the services available from our Counter Terminals which are now in use in 140 of our Branches and which are proving their value in eliminating paperwork both for customers and ourselves".

"An added benefit from these new systems has been the introduction of a new style of cheque produced by computer-controlled equipment which has an automatic re-order facility enabling us to cut down considerably on the number of cheque books we need to hold in stock".

Premises

"Our new building in West George Street, Glasgow is now rapidly nearing completion. The refurbishing of the old Head Office building is progressing well and when all is completed we should have a most attractive Head Office. It will be a striking example of a combination of the old and new in design and will provide us with an efficient lay-out and pleasant surroundings for both customers and Staff in which to transact business".

"Last year eight major projects were completed and we have eleven more under way at the present time. This work will continue as does our policy of opening new Branches".

Operating Conditions

"There is no doubt that conditions are difficult for industry. Inflation is the root of the evil—high interest rates—high wage claims—high level of imports—and more competition in selling abroad—all follow and here in Scotland we have seen the closing of some more of our older industries with consequent unemployment—but not all is adverse. We see a substantial number of small new industries starting up and some expanding. These developments are small admittedly but they are welcome and they do provide that broad base of individual small business units which the country so rightly is trying to develop".


General Economic Outlook

"As for the outlook for the immediate and medium-term future, I am aware that there can be no early and painless resolution of our economic misfortunes but I am hopeful that even if we have not yet turned the corner we are at least in the process of doing so. Our objective in the meantime must be to make every effort to get the underlying causes of our malaise eradicated so that we can take maximum possible advantage of improved conditions when they emerge. The intervening period may be uncomfortable for many of us but we have endured worse in the past and have the resilience to see it through again".

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are payable or not and the subdivisions shown below are based mainly on last year's dividend.

| FUTURE DATES | |
|-----------------------------------|---------|
| Interim | |
| Baggendie Brick | May 1 |
| Davenport Brewery | May 1 |
| Halsford (James) Foods | April 1 |
| Automotive Products | Apr. 2 |
| S.S.G. International | Apr. 2 |
| W. H. & A. Engineering | Apr. 2 |
| Caslin | Apr. 1 |
| Conal Leisure | Apr. 1 |
| Dewhurst (T. J.) | Apr. 1 |
| W. H. & A. Engineering | Apr. 1 |
| Grampton Television | Apr. 2 |
| Heystor | Apr. 2 |
| Highlyford Rubber | Apr. 2 |
| Highlyford Rubber (Sanger) Rubber | Apr. 1 |
| Thakum and Horton | Apr. 25 |
| Chaka Sallenger Rubber | Apr. 18 |
| Chaka Sallenger Rubber | Apr. 18 |
| Maria (Albert) | Apr. 17 |
| Maries (John) | Apr. 22 |
| Phox | Apr. 15 |
| Phox (John) | Apr. 15 |
| Richards (London) | Apr. 14 |
| Richards (London) | Apr. 14 |
| Liberty Contracting | Apr. 10 |
| United Capital Invest. Trust | Apr. 19 |



1979 RESULTS

Dividends up 29% Profits up 40% Turnover up 47%

Salient points from the Statement by the Chairman, C.J. Pittard.

- The results for the year, while well ahead of 1978, were not as good as expected due to circumstances beyond our control. The artificially high value of the pound weakened our competitive advantage in several markets.
- Accumulated profit and the fall in hide prices has reduced our borrowing by one third and it is expected this trend will continue.
- The directors recommended a total dividend of 16%. This increase we consider fully justified as dividends in contrast to wages have failed to keep up with inflation. This dividend is covered 4.3 times by profit after tax.

Activity. The Group produces the widest range of quality leathers which it sells to leading footwear, furniture, clothing, glove and accessory manufacturers in nearly 40 countries.

Copies of the 1979 Annual Report may be obtained from The Secretary, Pittard Group Limited, Sherborne Road, Yeovil BA21 5BA.

Companies and Markets

MIM wins big coal contract

AUSTRALIA'S major producer of base metals, the Queensland-based MIM Holdings, has announced its first major coal export project. A deal has been signed with Japanese steel mills for the sale of some A\$700m (€351m) worth of MIM coking coal from the Collinsville open-pit and underground operations which are being expanded.

Shipments are to run for 15 years, beginning in 1984, at the rate of 1m tonnes a year through a new port to be built at Abbot Point near Bowen. MIM has already built a new coal washing plant which can be extended to handle 1m tonnes a year.

The coal price basis agreed is believed to be U.S. \$52 to \$53 per tonne with provision for escalation during the contract. MIM recently announced a more than threefold increase in half-year earnings to A\$93.8m and raised its interim dividend to 12 cents (8p) from 4.5p. The shares rose 4p to 206p yesterday.

Union Miniere lifts payment

BELGIUM'S Union Miniere mining and investment group announces its first dividend for five years. It is of BFr100 to BFr500 (€7.43) per full share and reverses the decline which followed a payment of BFr950 for 1974.

Profit figures for 1979 are not yet disclosed, but the company says that a recovery in earnings was largely attributable to better prices for copper and the sale of accumulated copper stocks. Investment revenue showed only a modest increase, but money on deposit earned significantly more thanks to high interest rates.

The Canadian Thelery copper mine has achieved a cash flow of C\$7m which leaves it with only a small accumulated loss after allowing for amortisation. The U.S. Jersey Miniere Zinc, however, has suffered from the weak market for zinc.

Following a new agreement with its partner, Continental Materials of Chicago, UM says that work is to be resumed at the Oracle Ridge copper property in Arizona. In Brazil, the diamond production was slightly higher last year.

An interest of 17.6 per cent in UM is held by Tanks Consolidated, the shares of which rose 2p to 238p yesterday. The one-tenth share of UM were unchanged at £12.

UK COMPANY NEWS

MINING NEWS

Gold earnings advance 44% in the March quarter

BY KENNETH MARSTON, MINING EDITOR

AN ADVANCE of an average 44 per cent in net profits after tax—the latter rose by 60.5 per cent—is reported for the March quarter of this year by the South African gold producers in the Consolidated Gold Fields Group.

The latest earnings reflect an average gold price received of \$634 per troy ounce compared with \$400 in the December quarter of 1979 and the average for that year of only \$500.

At the same time, the mines have continued the trend to mining lower grade ore with the result that while the ore tonnage mined has been fully maintained for the most part, there has been some decline in production of gold. Working costs on average have risen by 5.5 per cent in the

past quarter but the combined effect of this coupled with the lower production has been brushed off by the high gold price.

The past quarter's brilliant earnings, shown below, speak for themselves. They now include the first full quarter's net profit from the new Deelkraal mine which completed trial milling in December.

| | March | Dec. | Sept. |
|-------------------------------|--------|--------|--------|
| | R000s | R000s | R000s |
| Deelkraal | 2,870 | — | — |
| Doomfontein | 12,588 | 8,224 | 5,754 |
| East Driefontein | 61,188 | 49,506 | 36,719 |
| Kloof | 41,488 | 27,586 | 20,467 |
| Libano | 15,441 | 9,431 | 6,530 |
| Venterspost | 8,615 | 4,011 | 2,010 |
| Vlaaktein | 1,082 | 571 | 405 |
| West Driefontein | 64,375 | 44,740 | 38,951 |
| Venterspost says that in view | | | |

of its improved finances, it is considering the sinking of a new shaft from surface in the southern part of the property. This, it is stated, would substantially reduce travelling time underground and significantly improve ventilation at this deep and elderly mine.

The mines also mention the removal of the 10 per cent loan levy in South Africa, existing in the recent budget. For East Driefontein and Vlaaktein, the abolition of the levy takes effect from January 1 this year. For the other mines in the group it becomes effective as from July 1, last year. The removal of the levy has been estimated to raise distributable profits by around 12 to 14 per cent.

London to deal in Hemerdon

DEALINGS are expected to start in London on Monday under rule 163(2) in the U.S. 10 cents shares of the Bermuda-registered Hemerdon Mining and Smelting. They will be sponsored by Carr, Seabag and Co. Hemerdon has some 5m shares.

At this stage, the likely starting price of the shares on Monday is very much a matter of conjecture as is the probable amount of business to be done in them. Guesses are that price could fall within the \$2.50 to \$4.50 range and that not a great deal of business will be seen.

Hemerdon is an enigma. The Devonshire tungsten-tin property at Hemerdon Hill, near Plymouth, which is a joint project of Hemerdon Mining and Smelting and America's Amstar natural resource giant has the potential to become Britain's biggest metal mine supplying all the country's needs of tungsten (wolfram) which now has to be imported.

One reserves were last put at 40m tonnes in hard granite and 5m tonnes in overlying oxidised friable material which presents recovery problems owing to its clay content. The metal grades are low at about 0.17 per cent tungsten and 0.025 per cent tin. But the deposit, which is amenable to large-scale open-pit mining is still open at depth. It is thought that it could break even with tungsten prices at about half current levels.

What remains to be seen is whether the metallurgical process can achieve the desired minimum overall metal recovery rate of about 60 per cent—laboratory tests have been encouraging—whether metal prices remain satisfactory and whether environmental and legal problems can be successfully overcome.

If all goes well the big mine could cost around \$60m in today's terms, but a long road strewn with hurdles lies ahead. Amstar is not due to make the vital go-ahead decision until next June, then would follow public inquiries until the final planning permission stage was reached at about end-1982. Construction work would follow and the mine would not reach the production stage until the early months of 1984.

Leopold Minerals have concluded an agreement for the exploration and evaluation of the Bambo Creek gold mining leases in Western Australia held by Kitchener. CRA is to start field work on the leases in the immediate future.

Amstar, the U.S. international natural resources group, has declared a quarterly dividend of 60 cents, unchanged from the previous quarter when it was increased from 45 cents per common share. The dividend is payable on June 2 to holders on May 12.

The struggling nickel and copper-producing BCL operation of Botswana RST is expected to be able to meet its loan obligations as a result of better metal prices and production. But it is stressed that no dividends can be declared in the foreseeable future owing to accumulated losses and the heavy debt burden.

East Rand Consolidated, the London-registered investment group, announced net profits for 1979 of £278,579 compared with £198,153 in 1978. The dividend for the year is unchanged at 1.05p.

The company also states that it has decided to make a rights issue and that an extraordinary meeting will be convened to increase the capital.

Amalgamated Tin Mines of Nigeria says that its reduction of capital is expected to become effective on April 11. Warrants for the capital repayment of 9p per share and for the second interim dividend of 5p net for the year to March 31, 1980, are due to be posted on or about April 21 to shareholders on the register on April 11.

ROUND-UP

Comstar Rietveld of Australia and Kitchener Mining (formerly

Mixconcrete well ahead first quarter

FIRST-QUARTER profits of Mixconcrete (Holdings), building materials group, were well ahead of last year, Mr. J. Macneil, chairman, told members at the annual meeting.

However, the contracting industry was in advance of its programme and the company was likely to experience falling demand by the final quarter of the current year, and certainly in 1981, he added.

The directors expect the full year's profit to be comparable with the £231m pre-tax for the November 30, 1979, year.

Clydesdale Bk. plans wider branch network

A continued expansion in the Clydesdale Bank's branch network is forecast by Sir Robert Fairbairn, the chairman, in his annual statement. "Activity in our branch expansion arises from a continuing increase in our business and there is no doubt that the banking habit is growing," he states.

Referring to the development programme for the bank's 24-hour Autobanks, the chairman says that 22 units are operational with many more in the course of installation or preparation.

As known, pre-tax profits of the bank, which is part of the Midland Bank group, rose some 49 per cent to £30.86m for 1979. Total assets at the year-end were almost 23 per cent higher at £2.30bn.

Demand for lending continued at a high level throughout the year despite high interest rates resulting in total advances to customers, less provisions, up by £164.44m to £338.71m at the end of 1979. Deposits increased by £199.17m to £1.09bn.

Meeting, Glasgow, April 9, at 11.15 am.

First half downturn at Pyke

Although turnover rose by £8.46m to £4.15m, taxable profits of Pyke (Holdings), butchery concern, dropped to £10.274 for the half year to December 31, 1979, compared with £39,534.

The profits were struck after depreciation of £30.710 (£30,891) and a sharp increase in interest charges from £25,582 to £61,367. Earnings per 10p share are shown as 1.34p (4.4p) before tax, and as 0.64p (2.11p) after the same. Again no interim dividend is recommended—last year a single payment of 1p net was made from £52,005 pre-tax profits.

Tax for the half year was down from £17,490 to £5,342.

Johnson Controls, Inc.

has sold all the assets of its

Centralab Electronics Division

to

North American Philips Corporation

The undersigned initiated this transaction and acted as financial advisor to Johnson Controls, Inc.

Salomon Brothers

One New York Plaza, New York, New York 10004
Atlanta, Boston, Chicago, Cleveland, Dallas, Hong Kong, London (subsidiary), Los Angeles, Philadelphia, San Francisco
Members of Major Securities Exchanges.



Inveresk Group

| Year to 31st December | 1979 | 1978 |
|--|---------------|---------------|
| Earnings per Ord. Stock Unit | £'000 | £'000 |
| External Sales—U.K. | 78,268 | 68,793 |
| —Export | 6,668 | 5,579 |
| | 84,936 | 75,372 |
| Operating profit before interest—continuing activities | 2,292 | 2,064 |
| —business sold | (236) | (431) |
| | 1,997 | 1,633 |
| Profit before tax | 526 | 509 |
| Profit after tax | 318 | 203 |
| Profit after extraordinary items | 395 | 203 |
| Ordinary Dividends | 408 | 576 |
| Net assets at year end | 24,376 | 24,540 |
| Year to 31st December | 1979 | |
| Earnings per Ord. Stock Unit | p. | |
| Net basis | 0.8 | |
| Nil basis | 1.7 | |
| Dividend per Ord. Stock Unit | 2.0 | |
| Net assets per Ord. Stock Unit | 102.5 | |

Copies of the Report and Accounts for 1979 may be obtained from the Secretary, Inveresk Group Limited, Cdn House, 19 Tudor Street, London EC4Y 0BA.

Paper • Packaging • Stationery • Industrial Property

Pirelli General setback

Pre-tax profits of Pirelli General Cable Works tumbled from £7.89m to £2.43m in 1979, on increased sales of £108.89m, against £80.97m.

Interest charges of the group, which is controlled by Internationale Pirelli SA, jumped from £0.7m to £2.15m.

On a CCA basis, the group incurred a loss of £2.5m. At midway, when historic profits amounted to £1.55m (£2.35m), the directors reported a loss of £0.6m on a current cost basis.

The fall in profits, the directors explain, was due to the transport strike, the absence of substantial home oil filled cable contracts, increased competition in export markets, inflationary losses overseas and higher finance charges.

Sales rose because of the effects of inflation, the increase in the average price of copper and some improvement in volume, both home and export.

There was a tax credit of £1.51m (£0.95m charge) in line with SSAP 15. Dividends absorbed £1m (£1.5m).

The pre-tax surplus was struck after depreciation of £2.72m (£2.33m) and interest.

WINDING-UP ORDERS RESCINDED

Compulsory winding up orders against J. K. Tudor House (Holdings) made on March 17, Cleverly Estates (March 24) and Hotel Tokyo (London) (March 31), were rescinded by Mr. Justice Dillon in the High Court. The petitions were dismissed with the agreement of the petitioners.

A similar order made against JLO Systems on March 31 was rescinded and the petition was adjourned until April 21.

LETRASET EGM
An extraordinary meeting of Letraset International is being called at which shareholders will be asked to approve the changing of the company's name to Letraset Ltd.

REPORTS AND ACCOUNTS IN BRIEF

SANRO CONSOLIDATED INDUSTRIES (manufacturer of framed windows, rolled sections, pressings, car body components and decorative trim)—Results for 1979 (future prospects published March 20). Group fixed assets £2.15m (£2.25m), net current assets £2.45m (£2.86m), working capital £246,686 (£348,321 decrease) decrease in net bank balances £61,585 (£39,896 increase). Meeting, Wisbech, Sutton Coldfield, May 2, noon.

CITY AND COMMERCIAL INVESTMENT TRUST—Results for 1979 already known. Total investments £13.29m (£13.52m). Net current assets £25,728 (£28,989). Chairman states another satisfactory year's income, although increase may not be as great as last year. Meeting, 17, Old Broad Street, EC, April 30, noon.

CITY AND FOREIGN INVESTMENT COMPANY—Results for 1979 already known. Total investments £2.56m (£2.45m); net current liabilities £19,171 (assets £9,480). Meeting, 17, Old Broad Street, EC, April 28, 2.30 pm.

INVERESK GROUP (paper group)—Results for 1979 reported March 18 preliminary statement with prospects. Group fixed assets £10.12m (£12.42m). Net current assets £3.47m (£3.65m). On CCA basis, historic profits turned into pre-tax loss of £1.23m (£476,000). Meeting, Connaught Rooms, W.C., April 25, noon.

ISLE OF MAN ENTERPRISES (Holiday chalets, operators)—Results for year ended December 31, 1979, already known. Fixed assets £296,845 (£410,453), net current assets £51,685 (£107,487). Decrease in working capital £23,828 (£19,234), decrease in liquid funds £31,242 (£57,030 increase). Chairman states that a five-year development programme has been formulated to provide growth and income from existing assets and possible acquisitions. Planning permission has been sought to redevelop old fire-damaged area. Meeting, Isle of Man, April 28, at noon.

PITTARD GROUP (leather goods and dyes)—Results for 1978 and prospects published March 18. Group fixed assets £3.75m (£3.59m), current assets £5.51m (£4.79m), current liabilities £2.60m (£2.22m). Shareholders' funds £6.11m (£5.99m). Comparative results, Chairman says company's current manufacturing order books and sales do not make depress-

ing reading and looks forward to opportunities which must follow the present recession. Meeting, Nottingham, May 2, noon.

YATE OF LEEDS (vehicle distributor)—Results for 1979 reported March 21. Group fixed assets £2.36m (£2.04m). Net current assets £80,743 (£213,282 liabilities). Meeting, Leeds, April 24, 3 pm.

TRANSPORT DEVELOPMENT GROUP—Results for 1979 reported March 14 preliminary statement with prospects. Group fixed assets £134,63m (£127,88m). Net current assets £2.19m (£5.48m)—on CCA basis fixed assets £180.3m (£166.6m). Pre-tax profits on CCA basis £14.71m (£13.59m). Chairman's remuneration £47,059 (£39,223). Meeting, Great Eastern Hotel, EC, April 25, noon.

Export sales set records in both value and volume

Main points from the Statement by the Chairman, David B. Clark

• Once again our export sales were a record in both value, up from £5,494,000 to £6,061,000, and in volume and represented over half of the direct exports of glass containers from the United Kingdom.

• Taking both our home and export sales together, we sold 2% more bottles than in 1978.

• We have decided to recommend a final dividend of 5.4p per share making a total of 8.4p per share for the year as forecast.

• For 1980 we have already authorised capital expenditure exceeding £2,000,000.

• Our fixed assets were revalued at 1st January 1980 on the basis of net replacement value. These valuations which are not incorporated in these accounts total £22,099,000 compared with £10,048,000 shown in the balance sheet.

• As a packaging material glass provides the only beverage containers which can be re-used and of all packaging materials glass is the one which can most readily be recycled. We expect that these factors, together with the inherent property of glass containers to protect their contents, will become increasingly important during the 1980's and will provide opportunities for growth often at the expense of other materials which are more costly to produce and do not have these advantages.

• Our priority for 1980 is to reduce our operating costs in order to achieve a more satisfactory return on capital employed.

| The year at a glance | 1979 | 1978 |
|----------------------|---------------|---------------|
| | £000 | £000 |
| SALES | | |
| Home | 16 392 | 15 185 |
| Export | 6 061 | 5 484 |
| | 22 453 | 20 669 |

| | | |
|--------------------------|-------|-------|
| PROFIT | | |
| Before tax | 1 617 | 2 381 |
| Taxation | (141) | (320) |
| After Tax | 1 758 | 2 701 |
| Dividends | 476 | 299 |
| Retained in the business | 1 282 | 2 402 |
| Earnings per share | 33.1p | 60.2p |
| Dividends per share | 8.4p | 7.0p |

Notes:
The calculation of earnings per share is based on earnings of £1,758,000 (£2,701,000) on the weighted average of 5,317,009 (4,248,320) ordinary shares after adjustment of the number of shares in issue prior to the rights issue on 3rd May 1978. The earnings per share for 1978 has been adjusted accordingly.

BEATSON CLARK

This announcement appears as a matter of record only.

March, 1980

U.S. \$20,000,000



BANCA SERFIN, S.A.

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COMPANY NEWS

Beatson, Clark to cut costs

IN ORDER to achieve a more satisfactory return on capital employed, the priority of Beatson Clark and Co. for 1980 is to reduce operating costs, says Mr. David Clark, chairman, in his annual statement.

A significant reduction in wage and salary costs has been made since the beginning of the year and, although this has affected present levels of output, he is confident current productivity negotiations and the capital expenditure programme will enable the group to achieve output comparable with 1979 without proportional increases in wages and salaries.

The anticipated low growth of the economy during the year is unlikely to provide many opportunities for the sale of additional glass containers in the UK, he feels. Further increases in the prices of raw materials, fuel and

Allen Harvey seeks European growth

The Board of Allen Harvey and Ross, bankers and bill brokers, believes that there is great potential for new business in Europe in sterling and other currencies, and the company plans to develop its considerable experience in Europe accordingly, and operations for that area will be based in Amsterdam.

The company already has strong European links and has a partnership in the Eurodollar CD market with Ehrlich-Bober and Co. Incorporated, and the first year's working together produced a satisfactory increase in turnover.

Mr. A. J. Buchanan, in his first report as chairman, says the future dividend policy will be determined by the eventual course of interest rates. If the UK Government succeeds in lowering the rate of inflation, he says the company should be able to plan a gradual increase in dividend payments.

It is impossible to make any forecasts at present, he adds, and until interest rates are stabilised at low levels, the first priority must be to conserve financial resources.

As known, net profits for the year ended February 5, 1980, were up from £585,553 to £583,216.

BN Insurance

BN Insurance of Chelmsford, a member of the London Mer-

Thurgar Bardex confident

The directors of Thurgar Bardex, maker of plastic products, start this year with cautious optimism and are confident that their plan for continuing growth in 1980 will be achieved, says Mr. Gilbert Hunt, the chairman, in his annual statement.

The first three months of the company's trading year very rarely reflect accurately the trend for the remainder, he points out.

Taxable profits for 1979 fell from £449,000 to £391,000, on turnover of £6.54m against £6.65m.

The directors anticipate that they will be able to announce their recommendation for the company's capital structure at the annual meeting, which will be held at its Kettering head office on May 1 at 11.30 am.

COMPANY NOTICES

KONSTRUKTOR PHOTO INDUSTRY CO. LTD.
NOTICE TO SHAREHOLDERS
NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the company will be held on Thursday, 10th April 1980, at 10.00 am, at the company's registered office, 15, Abchurch Lane, London EC4N 3DF. The business to be transacted at the meeting is as follows: (a) to receive and adopt the accounts and reports of the directors and auditors for the year ended 31st December 1979; (b) to elect directors in place of those retiring; (c) to elect auditors in place of those retiring; (d) to transact any other business which may come before the meeting. Shareholders are requested to attend the meeting in person or by proxy. A proxy form and explanatory notes will be sent to shareholders with this notice. The notice is sent to shareholders by post on 2nd April 1980.

NOTICE TO DEBENTURE HOLDERS
This is to notify Debenture Holders that at the meeting of the Board of Directors of the company held on 27th March 1980, it was resolved that the interest on the debentures of the company should be paid by cheque on or before 1st April 1980. The interest on the debentures of the company is payable by cheque on or before 1st April 1980. The interest on the debentures of the company is payable by cheque on or before 1st April 1980.

NOTICE TO SHAREHOLDERS
This is to notify Shareholders that the 15th Annual General Meeting of the company will be held on Thursday, 10th April 1980, at 10.00 am, at the company's registered office, 15, Abchurch Lane, London EC4N 3DF. The business to be transacted at the meeting is as follows: (a) to receive and adopt the accounts and reports of the directors and auditors for the year ended 31st December 1979; (b) to elect directors in place of those retiring; (c) to elect auditors in place of those retiring; (d) to transact any other business which may come before the meeting. Shareholders are requested to attend the meeting in person or by proxy. A proxy form and explanatory notes will be sent to shareholders with this notice. The notice is sent to shareholders by post on 2nd April 1980.

PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL
NOTICE OF MEETING
The Central Regional Council will hold a meeting on Thursday, 10th April 1980, at 10.00 am, at the Council's offices, 15, Abchurch Lane, London EC4N 3DF. The business to be transacted at the meeting is as follows: (a) to receive and adopt the accounts and reports of the directors and auditors for the year ended 31st December 1979; (b) to elect directors in place of those retiring; (c) to elect auditors in place of those retiring; (d) to transact any other business which may come before the meeting. Shareholders are requested to attend the meeting in person or by proxy. A proxy form and explanatory notes will be sent to shareholders with this notice. The notice is sent to shareholders by post on 2nd April 1980.

CITY OF MANCHESTER COUNCIL
NOTICE OF MEETING
The City of Manchester Council will hold a meeting on Thursday, 10th April 1980, at 10.00 am, at the Council's offices, 15, Abchurch Lane, London EC4N 3DF. The business to be transacted at the meeting is as follows: (a) to receive and adopt the accounts and reports of the directors and auditors for the year ended 31st December 1979; (b) to elect directors in place of those retiring; (c) to elect auditors in place of those retiring; (d) to transact any other business which may come before the meeting. Shareholders are requested to attend the meeting in person or by proxy. A proxy form and explanatory notes will be sent to shareholders with this notice. The notice is sent to shareholders by post on 2nd April 1980.

SURREY COUNTY COUNCIL
NOTICE OF MEETING
The Surrey County Council will hold a meeting on Thursday, 10th April 1980, at 10.00 am, at the Council's offices, 15, Abchurch Lane, London EC4N 3DF. The business to be transacted at the meeting is as follows: (a) to receive and adopt the accounts and reports of the directors and auditors for the year ended 31st December 1979; (b) to elect directors in place of those retiring; (c) to elect auditors in place of those retiring; (d) to transact any other business which may come before the meeting. Shareholders are requested to attend the meeting in person or by proxy. A proxy form and explanatory notes will be sent to shareholders with this notice. The notice is sent to shareholders by post on 2nd April 1980.

Boulton

Interim results

| Six months to | 31.12.79 | 31.12.78 |
|--|----------|----------|
| Turnover | £13,064 | £11,404 |
| Profit before depreciation, interest and tax | £71 | £1,046 |
| Profit before tax | £294 | £756 |
| Interim dividend | 0.50p | 0.50p |

- Turnover increased by nearly 15%
- Decrease in profits due to engineering strike, pressure on profit margins and higher depreciation and interest charge.
- Order books during third quarter have been reasonable in the circumstances

The William Boulton Group Limited
Burslem, Stoke-on-Trent, England

Gold Fields Group

DOORFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 9,228,000 shares of R1 each, fully paid.

| OPERATING RESULTS: | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|--|----------------------|-----------------------|-----------------------------------|
| Gold: | | | |
| Ore milled (t) | 360,000 | 360,000 | 1,080,000 |
| Gold produced (kg) | 3,024.0 | 3,024.0 | 9,072.0 |
| Yield (g/t) | 8.4 | 8.4 | 8.4 |
| Price received (R/kg) | 15,334 | 10,364 | 11,361 |
| Revenue (R/t milled) | 129.53 | 87.47 | 95.89 |
| Cost (R/t milled) | 37.52 | 36.70 | 36.28 |
| Profit (R/t milled) | 92.01 | 50.77 | 59.61 |
| Revenue (R'000's) | 46,631 | 31,480 | 105,559 |
| Cost (R'000's) | 13,509 | 12,936 | 39,176 |
| Profit (R'000's) | 33,122 | 18,544 | 66,383 |
| FINANCIAL RESULTS (R'000's): | | | |
| Working profit: Gold | 33,122 | 18,544 | 66,383 |
| Net sundry revenue | 301 | 685 | 2,167 |
| Profit before taxation and State's share of profit | 34,023 | 19,229 | 68,550 |
| Taxation and State's share of profit | 21,435 | 10,685 | 39,874 |
| Profit after taxation and State's share of profit | 12,588 | 8,544 | 28,676 |
| Capital expenditure | 1,188 | 1,771 | 4,343 |
| Dividend | — | 1,986 | 1,986 |

DIVIDEND: A dividend (No. 48) of 20 cents (10.88849p) per share was declared on 11 December 1979 and was paid to members on 5 February 1980.

LOAN LEVY: As announced by the Minister of Finance on 26 March 1980, the loan levy of 10 per cent has been abolished. In respect of this company, the abolition is effective from 1 July 1979.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1980 was R71.1 million.

PROPOSED EXTENSION TO MINING LEASE AREA: The application made by Gold Fields of South Africa Limited ("GFSA") for a mining lease in respect of the area held under option by this company is still being processed by the authorities. The agreement with GFSA, in terms of which this company has the right to purchase the mineral rights of the option area and to take possession of the mining lease, if and when it is granted, has been extended to 30 June 1980.

CAPITAL WORKS: Work in preparation for the sinking of No. 1 Sub-Vertical Shaft has commenced.

| Carbon Leader | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|-----------------------|----------------------|-----------------------|-----------------------------------|
| Advanced (m) | 3,903 | 3,983 | 11,169 |
| Sampling results: | | | |
| Sampled (m) | 808 | 898 | 2,316 |
| Stope width (cm) | 108 | 105 | 108 |
| Stope width (m) | 14.3 | 14.1 | 14.2 |
| Av. value: gold (g/t) | 1.56 | 1.481 | 1.505 |
| cm.g/t | | | |
| Main Reef | | | |
| Advanced (m) | 603 | 789 | 2,433 |
| Sampling results: | | | |
| Sampled (m) | 148 | 210 | 882 |
| Stope width (cm) | 114 | 114 | 118 |
| Stope width (m) | 4.2 | 4.2 | 4.5 |
| Av. value: gold (g/t) | 479 | 1,123 | 897 |
| cm.g/t | | | |

On behalf of the board
R. A. Plumbridge } Directors
C. T. Fenton }

8 April 1980

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

| OPERATING RESULTS: | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|------------------------------|----------------------|-----------------------|-----------------------------------|
| Gold: | | | |
| Ore milled (t) | 320,000 | 322,000 | 968,000 |
| Gold produced (kg) | 1,571.1 | 1,657.2 | 4,904.4 |
| Yield (g/t) | 4.9 | 5.1 | 5.0 |
| Price received (R/kg) | 16,525 | 11,033 | 11,512 |
| Revenue (R/t milled) | 81.63 | 57.11 | 59.63 |
| Cost (R/t milled) | 34.53 | 32.73 | 33.10 |
| Profit (R/t milled) | 47.10 | 24.38 | 26.53 |
| Revenue (R'000's) | 25,121 | 18,339 | 57,794 |
| Cost (R'000's) | 11,049 | 10,539 | 31,980 |
| Profit (R'000's) | 14,072 | 7,800 | 25,814 |
| FINANCIAL RESULTS (R'000's): | | | |
| Working profit: Gold | 14,072 | 7,800 | 25,814 |
| Profit on sale of profits | 297 | 210 | 671 |
| Net sundry revenue | 364 | 238 | 1,321 |
| Profit before taxation | 15,703 | 8,248 | 27,796 |
| Taxation | 8,888 | 4,287 | 14,980 |
| Profit after taxation | 6,815 | 4,011 | 12,816 |
| Capital expenditure | 293 | 29 | 344 |
| Dividend | — | 3,293 | 3,293 |

DIVIDEND: A dividend (No. 79) of 55 cents (26.38109p) per share was declared on 11 December 1979 and was paid to members on 5 February 1980.

LOAN LEVY: As announced by the Minister of Finance on 26 March 1980, the loan levy of 10 per cent has been abolished. In respect of this company, the abolition is effective from 1 July 1979.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1980 was R1.5 million. In view of the improved financial position of the company, consideration is being given to the possibility of sinking a new surface shaft in the southern sector of the mine. Such a shaft would provide additional underground ventilation and significantly improve ventilation conditions at the bottom of the mine.

DEVELOPMENT:

Main Reef

Advanced (m) 898 1,128 3,479

Sampling results:

Sampled (m) 466 500 1,460

Stope width (cm) 180 180 180

Stope width (m) 4.6 4.6 4.6

Av. value: gold (g/t) 876 828 736

cm.g/t

Venterspost Contact Reef

Advanced (m) 64 94 221

Sampling results:

Sampled (m) 36 2 38

Stope width (cm) 153 144 153

Stope width (m) 3.2 3.2 3.2

Av. value: gold (g/t) 490 346 490

cm.g/t

On behalf of the board
C. T. Fenton } Directors
R. A. Plumbridge }

8 April 1980

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 80 cents each, fully paid.

| OPERATING RESULTS: | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|---------------------------------------|----------------------|-----------------------|-----------------------------------|
| Gold: | | | |
| Ore milled from surface dumps (t) | 180,000 | 180,000 | 540,000 |
| Gold produced (kg) | 198.9 | 211.2 | 610.1 |
| Yield (g/t) | 10.99 | 11.73 | 11.29 |
| Price received (R/kg) | 18,158 | 10,528 | 14,361 |
| Revenue (R/t milled) | 18.54 | 12.86 | 15.28 |
| Working cost (R/t milled) | 5.24 | 5.28 | 5.28 |
| Profit purchased (R/t milled) | 1.32 | 0.33 | 0.33 |
| Profit (R/t milled) | 13.32 | 7.29 | 10.33 |
| Revenue (R'000's) | 3,358 | 2,314 | 7,610 |
| Working cost (R'000's) | 944 | 945 | 1,545 |
| Profit purchased (R'000's) | 238 | 26 | 26 |
| Profit (R'000's) | 2,408 | 1,310 | 6,091 |
| FINANCIAL RESULTS (R'000's): | | | |
| Working profit: Gold | 2,408 | 1,310 | 6,091 |
| Net sundry revenue | 117 | 140 | 417 |
| Profit before taxation | 2,525 | 1,450 | 6,508 |
| Taxation | 1,383 | 722 | 3,905 |
| Formula tax | 34 | 35 | 103 |
| Non-mining tax | 6 | 22 | 28 |
| Excess recoupments tax | — | — | — |
| Profit after taxation | 1,032 | 671 | 2,473 |
| Capital expenditure recoupments (net) | 4 | 17 | 21 |
| Loan levy | — | — | — |
| Dividend | — | 1,200 | 1,200 |

DIVIDEND: A dividend (No. 71) of 20 cents (10.88849p) per share was declared on 11 December 1979 and was paid to members on 5 February 1980.

LOAN LEVY: As announced by the Minister of Finance on 26 March 1980, the loan levy of 10 per cent has been abolished. In respect of this company, the abolition is effective from 1 January 1980.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 March 1980.

PROPOSED REPAYMENT OF CAPITAL: At the annual general meeting to be held on 11 April 1980 members will be asked to consider a special resolution reducing the authorised and issued capital from the present amount of 60 cents per share to an amount of 70 cents per share, by returning paid-up capital to the extent of 10 cents per share to members registered in the books of the company on 27 June 1980. Subject to the passing and registration of the special resolution, the reduction of capital being confirmed by the Supreme Court of South Africa, and to the exchange control authorities granting approval for the transfer of funds, in acceptable form, for repayments due to non-residents of the Republic, it is expected that the repayment will be made in August 1980.

On behalf of the board
C. T. Fenton } Directors
R. A. Plumbridge }

8 April 1980

WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 14,082,160 shares of R1 each, fully paid.

| OPERATING RESULTS: | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|-----------------------|----------------------|-----------------------|-----------------------------------|
| Gold: | | | |
| Ore milled (t) | 675,000 | 675,000 | 2,025,000 |
| Gold produced (kg) | 11,812.5 | 12,711.4 | 37,006.9 |
| Yield (g/t) | 17.5 | 18.8 | 18.5 |
| Price received (R/kg) | 16,498 | 10,670 | 11,351 |
| Revenue (R/t milled) | 288.22 | 201.83 | 217.78 |
| Cost (R/t milled) | 35.08 | 32.91 | 33.60 |
| Profit (R/t milled) | 253.14 | 168.92 | 184.18 |
| Revenue (R'000's) | 185,221 | 136,304 | 441,022 |
| Cost (R'000's) | 23,645 | 22,216 | 68,031 |
| Profit (R'000's) | 161,576 | 114,088 | 372,991 |
| Uranium Oxide: | | | |
| Pulp treated (t) | 298,631 | 302,269 | 914,300 |
| Oxide produced (kg) | 68,174 | 77,259 | 215,130 |
| Yield (kg/t) | 0.232 | 0.256 | 0.235 |

FINANCIAL RESULTS (R'000's):

Working profit: Gold 171,576 114,088 372,971

Profit on sale of Uranium Oxide and Sulphuric Acid 2,459 2,345 14,221

Net sundry revenue 3,639 2,724 9,678

Profit before taxation and State's share of profit 177,574 119,157 386,868

Taxation and State's share of profit 113,299 74,477 250,902

Profit after taxation and State's share of profit 64,275 44,680 135,966

Capital expenditure 3,408 3,720 9,087

Dividend 42,248 42,248 126,744

DIVIDEND: A dividend (No. 54) of 300 cents (150.00000p) per share was declared on 11 December 1979 and was paid to members on 5 February 1980.

LOAN LEVY: As announced by the Minister of Finance on 26 March 1980, the loan levy of 10 per cent has been abolished. In respect of this company, the abolition is effective from 1 July 1979.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1980 was R24.4 million.

CAPITAL WORKS: At No. 4 Shaft, the excavation of the pumping layout on 12 Level is virtually complete. The excavation of the pumping layout on 4 Level is progressing well. Good progress is also being made with the construction of the 26 Level pump station at No. 6 Sub-Vertical Shaft.

| Carbon Leader | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|--------------------------|----------------------|-----------------------|-----------------------------------|
| Advanced (m) | 5,541 | 5,131 | 15,487 |
| Sampling results: | | | |
| Sampled (m) | 696 | 476 | 1,454 |
| Stope width (cm) | 116 | 108 | 114 |
| Stope width (m) | 22.4 | 15.1 | 20.3 |
| Av. value: gold (g/t) | 2,589 | 1,631 | 2,571 |
| cm.g/t | | | |
| Venterspost Contact Reef | | | |
| Advanced (m) | 1,345 | 1,685 | 4,662 |
| Sampling results: | | | |
| Sampled (m) | 276 | 307 | 974 |
| Stope width (cm) | 222 | 201 | 207 |
| Stope width (m) | 6.3 | 10.9 | 9.3 |
| Av. value: gold (g/t) | 1,389 | 2,191 | 1,807 |
| cm.g/t | | | |

On behalf of the board
A. Louw } Directors
R. A. Plumbridge }

8 April 1980

LIBENON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,537,300 shares of R1 each, fully paid.

| OPERATING RESULTS: | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|--|----------------------|-----------------------|-----------------------------------|
| Gold: | | | |
| Ore milled (t) | 420,000 | 420,000 | 1,260,000 |
| Gold produced (kg) | 2,883.0 | 2,889.6 | 8,662.6 |
| Yield (g/t) | 6.9 | 7.1 | 7.2 |
| Price received (R/kg) | 15,588 | 10,341 | 11,291 |
| Revenue (R/t milled) | 106.25 | 74.31 | 81.40 |
| Cost (R/t milled) | 30.35 | 30.31 | 30.02 |
| Profit (R/t milled) | 75.90 | 44.00 | 51.38 |
| Revenue (R'000's) | 45,466 | 31,210 | 102,580 |
| Cost (R'000's) | 12,748 | 12,731 | 37,828 |
| Profit (R'000's) | 32,718 | 18,479 | 64,752 |
| FINANCIAL RESULTS (R'000's): | | | |
| Working profit: Gold | 32,718 | 18,479 | 64,752 |
| Net sundry revenue | 805 | 669 | 2,087 |
| Profit before taxation and State's share of profit | 33,523 | 19,148 | 66,839 |
| Taxation and State's share of profit | 18,082 | 9,717 | 35,127 |
| Profit after taxation and State's share of profit | 15,441 | 9,431 | 31,712 |
| Capital expenditure | 4,038 | 2,795 | 8,273 |
| Dividend | — | 3,569 | 3,569 |

DIVIDEND: A dividend (No. 53) of 50 cents (25.00000p) per share was declared on 11 December 1979 and was paid to members on 5 February 1980.

LOAN LEVY: As announced by the Minister of Finance on 26 March 1980, the loan levy of 10 per cent has been abolished. In respect of this company, the abolition is effective from 1 July 1979.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1980 was R27.8 million.

SHAFTS:

No. 4 Sub-Vertical Shaft (previously No. 2 Sub-Vertical Shaft): The shaft was sunk 14 metres to a depth of 1,204 metres below collar. 36 Level Station has been cut and supported.

No. 1A Service Shaft: Equipping of the shaft has been completed and the permanent hoisting equipment is being installed.

No. 4A Service Shaft (previously No. 2A Service Shaft): Excavation of the headgear portion of the shaft is in progress.

| Carbon Leader | Qtr. ended 31/3/1980 | Qtr. ended 31/12/1979 | Qtr. ended 9 mths ended 31/3/1980 |
|--------------------------|----------------------|-----------------------|-----------------------------------|
| Advanced (m) | 2,613 | 3,401 | 9,085 |
| Sampling results: | | | |
| Sampled (m) | 804 | 900 | 2,688 |
| Stope width (cm) | 136 | 137 | 137 |
| Stope width (m) | 4.6 | 4.7 | 4.7 |
| Av. value: gold (g/t) | 626 | 821 | 644 |
| cm.g/t | | | |
| Venterspost Contact Reef | | | |
| Advanced (m) | 1,271 | 1,421 | 4,195 |
| Sampling results: | | | |
| Sampled (m) | 88 | 184 | 456 |
| Stope width (cm) | 133 | 136 | 147 |
| Stope width (m) | 2.0 | 3.2 | 3.2 |
| Av. value: gold (g/t) | 208 | 1,205 | 1,205 |

WEST GERMAN BANKING
Assets expansion at Deutsche Bank

Frankfurt—Assets of Deutsche Bank rose 7.2 per cent to DM 88.3bn in 1979 in a banking year complicated by the tension between sharply expanded demand for customer credit and the higher costs of providing credit.

Customer credits rose 18.1 per cent to DM 57.3bn in 1979, surpassing an impressive rise of 16.5 per cent during the previous year, the bank announced. Total credit volume, however, rose only 8.5 per cent to DM 57.3bn, which is roughly half the growth posted in 1978.

The chief reason for the sharp drop in overall credit expansion was a dramatic narrowing of volume in bankers' acceptances which plummeted 28.1 per cent to DM 4.8bn, a reversal of a growth rate of 8.5 per cent in 1978.

The bank had tried "to improve the revenue structure of assets" and "catch up with the effects of interest rate increases for deposits."

As a result of this strategy, business volume increased only 9.4 per cent to DM 101bn in 1979, a rate of expansion only about half as great as the rates recorded for the previous three years.

The bank's position had been "maintained" during a "difficult" year but profits eased and reserve contributions decreased. Profits for the parent company fell 7.4 per cent to DM 284m while DM 90m marks were added to reserves, down from a total of DM 120m put in reserves in 1978.

Nevertheless co-chairman Mr. F. Wilhelm Christians said he did not at present see a necessity for a capital increase.

Elaborating further on shifts in the bank's credit business, management said that credit demand by private households was a major contributor to credit growth. The backlog of small personal credits and personal start-up loans rose by about DM 500m to over DM 4bn. Financing of car purchases remained the major category.

The sharpest growth in borrowing took place in construction financing which rose to DM 10.3bn in 1979 from DM 7.6bn. The Deutsche Bank group, including associated mortgage banks, lent a total of DM 29.3bn for construction financing.

AP-DJ

DFDS' \$125m FERRY VENTURE
Gambling on the sunshine states

BY WILLIAM HALL, SHIPPING CORRESPONDENT

HAVING bucked the trend for a long time, DFDS, the leading Danish ferry operator, is beginning to feel the draught of the world's shipping and shipbuilding recessions just as it is about to break into the North American market.

This recession could not have come at a worse time since DFDS is embarking on its most ambitious investment. It is pioneering a \$125m car ferry project linking New York with the Bahamas/Miami.

So far only DFDS A/S, the parent company, has reported its 1979 results. Net profits are 60 per cent lower at DKK 33.9m, and the dividend has been cut by a fifth. The results of the whole DFDS group, which will take in the shipyard losses, are expected later this month and are not going to make pleasant reading.

The slump in DFDS' profits has meant that the group has had to scale down its ambitious investment plans. It had hoped to replace the two ferries on its Copenhagen-Oslo service, both of which are over ten years old, but this had to be postponed.

The four new 1,950 dwt ships for the Nordana Line have been built in Japan, and although DFDS has influenced their design they have been financed by a Japanese group, Atlantic Heavy Lift. DFDS has chartered them for five years and has an option to purchase them after that.

after that, thereby reducing its initial financing charges.

The shipping recession has also led to DFDS' Norwegian chief executive, Erik Heirung, reassessing the group's long-term strategy. The traditional reliance on the ro-ro charter market is being reduced and the group is becoming much more internationally orientated. The emphasis is on projects where DFDS has some measure of control.

It has expanded its wholly-owned ferry services in the Mediterranean, bought into the Miami-based Nopal Caribe Line and set up a joint shipping operation with Ivory Coast interests—Société Troisième de Navigation Maritime (Sivomar).

However, these projects pale into insignificance when set against DFDS' ambitious plan to break into the North American market. DFDS is investing \$125m in an American car ferry service, which will operate between New York and the Bahamas/Florida.

Compared with Scandinavia, U.S. car ferry operations are in their infancy, and DFDS hopes to capitalise on its experience as one of the world's leading ferry operators. Every year over 20m Americans and Canadians drive down from the North in search of the Florida sunshine.

At the moment the only alternative to the long and tiring road journey is to take cars by train from Washington. DFDS hopes that it will be able to lure drivers aboard its new "car cruise liner" (car ferry is a taboo word in the U.S.).

Until now the major obstacle to the introduction of such a service by a foreign operator has been the existence of the Jones Act, which prohibits foreign ships from carrying passengers between one U.S. port and another.

DFDS has got round this protectionist legislation by doing a deal with the Government of the Bahamas whereby it ferries the cars and passengers to the Bahamas and then transships them onto a smaller ferry for the short hop across to Miami.

This deal in itself was not easy since, traditionally, the Bahamian Government has banned the entry of tourist cars, because it awes fearful of their impact on the islands' small road system.

DFDS has already ordered its \$100m car cruise liner from France's Dubigeon-Normandie shipyard. The fact that DFDS chose a foreign shipyard and not a Danish one caused considerable resentment within Denmark, but DFDS says the foreign financing terms were more attractive and it could not ignore them.

The new 20,000-ton ship will carry 1,600 passengers and 400 American-sized cars and will operate under the Bahamian flag. DFDS hopes to have the new service operating by the summer of 1982. It plans to spend around \$30m on a second-hand ship for the Bahamas-Miami run.

Mr. Bruce Nieremberg, manager of Scandinavian World Cruises, which will market the service, estimates that DFDS's two ships will carry 14,000 passengers a week, to make DFDS one of the biggest operators in the American cruise market. DFDS have signed an exclusive agreement with the Government of the Bahamas for 10 years so the new venture is safe from foreign competition.

By any criterion the new project is a major move for DFDS. The total cost of around \$125m will be mostly met by debt financing but, even so, it will have a major impact on the DFDS A/S total capital employed of around \$220m and long-term debt of \$100m.

| DFDS A/S | | | |
|---------------|-----------------|------------|--|
| Turnover DKKm | Net Profit DKKm | Dividend % | |
| 1975 715 | 54.4 | 6 | |
| 1976 831 | 63.8 | 8 | |
| 1977 932 | 120.1 | 12 | |
| 1978 1037 | 85.9 | 15 | |
| 1979 1206 | 33.9 | 12 | |

Piaggio expects higher sales

BY RUPERT CORNWELL IN ROME

PIAGGIO, Europe's largest motorcycle and scooter group, is forecasting a rise of about 38 per cent in sales this year to L500bn (\$550m) from the L364bn achieved in 1979.

The prediction is firm proof of the optimism of the company, buoyed by increasing sales as a result of ever more costly petrol and tighter curbs on inner city private transport in Italy and elsewhere.

Although profit figures have not been released for last year, the 1979 reported net earnings of L10.7bn seem likely to have been surpassed. Investment for 1980 is projected at L56.5bn, compared with L45bn in 1979, and total capital spending of L110bn between 1976 and 1979.

The only cloud over this year's outlook, according to company officials, is the risk of renewed labour agitation. Strikes related to the renegotiation of the three-year national contract for Italy's engineering workers cost Piaggio 500 units of lost output in 1979.

This year, however, many companies, including Piaggio, will be settling supplementary in-house agreements to build on the national contract.

Industrial unrest meant that, in 1979, production by Piaggio and its major motorcycle subsidiary, Gilera, remained static at around 780,000 units. This year's turnover prediction is based on a 26 per cent rise in production to 977,000 units.

Output of mopeds is forecast to grow by 35 per cent and that of scooters including the Vespa range, by about 19 per cent. Export expansion is likely to be slightly slower, at about 20 per cent, between 1979 and 1980—with the best progress in Africa and Eastern Asia, and, to a lesser extent, the U.S.

Capital spending at PUK

By Terry Oodsworth in Paris

THE IMPROVEMENT in the financial situation of the French special steels industry last year has been underlined by the announcement of a FFf 130m (\$28.9m) investment plan by Ugine Aders, the subsidiary of Pechiney Ugine Kuhlmann.

Ugine says that the company experienced a significant recovery last year achieved both through stepping up its sales and reducing its costs. To consolidate this progress it aims to invest in new equipment for treating stainless steels and in a continuous casting facility.

Thomson-Brandt, the French consumer electronics manufacturer, has succeeded in its bid to take over the European activities of the U.S.-based General Telephone and Electronics group in this sector.

No figure has been given for the deal, which is subject to the approval of the French and German governments. But GTE is believed to have been anxious to dispose of its German subsidiary, Saba, which accounts for about 8 per cent of the colour television market in West Germany.

Saba has been hard hit by price-cutting and is felt to be too small to survive alone in this market.

The other GTE subsidiary involved in the agreement is Videon, a French manufacturer of sub-assemblies for televisions, and one of Saba's suppliers.

Wereldhave to hold profits

By Our Financial Staff


EARNINGS per share at least equal to those achieved for 1979 are forecast for the current year by Wereldhave, the Dutch property group.

In its statement to the annual accounts, Wereldhave says that during 1980 the company will endeavour to strengthen its position in the property market in North America.

In Europe in general, and Holland in particular, a prudent acquisition policy will be adhered to. As a result, a "certain consolidation" of the investment portfolio can be expected.

It is against this business background that Wereldhave, which in 1978 bid unsuccessfully for English Property Corporation, makes its earnings forecast. For 1979 net profits were Fl 24.25m compared with Fl 22.46m.

Group investment properties at the end of December had a value of Fl 747m, compared with Fl 585m a year earlier, while development properties stood at Fl 58.6m, against Fl 72m.



U.S. \$15000000
Medium Term Loan

Autopistas de Cataluña y Aragon, Concesionaria Española, S.A.

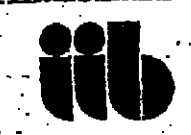
Managed by
Marine Midland Bank N.A.
Italian International Bank Limited
Banca Mas Sarda S.A.

Funds provided by
Marine Midland Bank N.A.


Bank of New South Wales
International Resources and Finance Bank S.A.
Banque Commerciale pour l'Europe du Nord (Eurobank)
Italian International Bank Limited

Banca Mas Sarda S.A.
Caja de Ahorros de Zaragoza, Aragon y Rioja (Cazar)
Italian International Bank (Channel Islands) Limited

Agent Bank
Italian International Bank Limited



March 1980



CERRO MATOSO S.A.

A COLOMBIAN COMPANY OWNED BY

EMPRESA COLOMBIANA DE NIQUEL LIMITADA-ECONIQUEL
AN AFFILIATE OF
INSTITUTO DE FOMENTO INDUSTRIAL

BILLTON OVERSEAS LIMITED
AN AFFILIATE OF
THE SHELL PETROLEUM COMPANY LIMITED

COMPAÑIA DENIQUEL COLOMBIANO, S.A.
AN AFFILIATE OF
THE HANNA MINING COMPANY

U.S. \$225,682,750
PROJECT FINANCING FOR THE CONSTRUCTION OF A FERRONICKEL PRODUCTION FACILITY IN THE DEPARTMENT OF CORDOBA, COLOMBIA

U.S. \$120,000,000
MANAGED BY
CHASE MERCHANT BANKING GROUP
PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
BANKERS TRUST COMPANY
GRINDLAYS BANK LIMITED
LLOYD'S BANK INTERNATIONAL
[BAHAMAS] LIMITED
NATIONAL CITY BANK OF CLEVELAND
SOCIETY NATIONAL BANK OF CLEVELAND

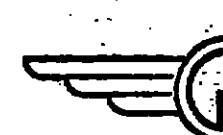
ALGEMENE BANK NEDERLAND N.V.
CANADIAN IMPERIAL BANK OF COMMERCE
CHEMICAL BANK
THE ROYAL BANK OF CANADA
THE BANK OF NOVA SCOTIA INTERNATIONAL LIMITED
CENTRAL NATIONAL BANK OF CLEVELAND
BANCO DE BOGOTA S.A. PANAMA

THE EQUIVALENT IN SEVERAL CURRENCIES OF
U.S. \$80,000,000
PROVIDED BY
THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)
GUARANTEED BY
THE REPUBLIC OF COLOMBIA

U.S. \$25,682,750
PROVIDED BY
THE EXPORT IMPORT BANK OF THE UNITED STATES
BANKERS TRUST COMPANY
THE CHASE MANHATTAN BANK, N.A.

AGENT
THE CHASE MANHATTAN BANK, N.A.

DECEMBER 1979



Costruzioni Aeronautiche Giovanni Agusta S.p.A.

\$85,000,000
Medium Term Loan

Managed by
Dillon, Read Overseas Corporation
Istituto Bancario San Paolo di Torino

Lloyds Bank International Limited
Italian International Bank Limited
Arab Bank Investment Company Limited
Banco de Bilbao S.A.
London Branch
Banque Internationale à Luxembourg S.A.
Chemical Bank International Group

The Royal Bank of Scotland Limited
Banca Popolare di Milano - Milano
Banque Belge pour l'Industrie S.A.
Cassa di Risparmio di Torino
Grindlay Brants Limited


Funds provided by
Istituto Bancario San Paolo di Torino
Frankfurt Branch
In association with

Lloyds Bank International Limited
Nagat Bank Limited
Banque Internationale à Luxembourg S.A.
Grindlays Bank Limited
Euramerica International Bank Limited
International Trade and Investment Bank S.A. (I.T.I.B.)
BEG Bank Europäischer Genossenschaftsbanken

The Royal Bank of Scotland Limited
Arab Bank Limited
Cassa di Risparmio di Torino
Italian International Bank Limited
Bank Oppenheim Pierson International S.A., Luxembourg
Seattle-First National Bank (Switzerland) Zürich
Credito Romagnolo S.p.A.

Banca Popolare di Milano - Milano
Banque Belge pour l'Industrie S.A.
Banco Lariano S.p.A. - Milano

Agent Bank
Italian International Bank Limited



March, 1980

This announcement appears as a matter of record only.



Società Finanziaria Siderurgica per Azioni Finsider S.p.A.

U.S. \$100,000,000
Seven Year Credit Facility

Guaranteed By

Istituto per la Ricostruzione Industriale
I.R.I.

Managed By

Bank of Montreal Group
Banque Européenne de Crédit (BEC) S.A.
Istituto Bancario San Paolo di Torino
Kuhn Loeb Lehman Brothers International
Société Européenne de Banque S.A.
Bank of New South Wales

Co-Managed By

Al-UBAF Group
Banca Popolare di Milano—Milano
Banco di Santo Spirito (Luxembourg)
Bank Bumiputra Malaysia Berhad
Landesbank Stuttgart, London Branch
Nagrafin Bank Limited

Funds Provided By

Istituto Bancario San Paolo di Torino
(Frankfurt Branch)

in association with

Banca Popolare di Milano—Milano
Banco de Bilbao S.A., London Branch
Banco di Santo Spirito (Luxembourg)
Banco Lariano S.p.A.
Bank Bumiputra Malaysia Berhad, London Branch
BEG Bank Europaeischer Genossenschaftsbanken
Bank of Montreal
Bank of Montreal International Limited
Bank of New South Wales
Banque Européenne de Crédit (BEC) S.A.
Berliner Bank International S.A.
Istituto Bancario San Paolo di Torino
Landesbank Stuttgart, London Branch
Luxembourg Italian Bank, S.A.
Nagrafin Bank Limited
Skandinaviska Enskilda Banken (Luxembourg) S.A.
Slavenburg Overseas Banking Corporation, Curaçao
Société Européenne de Banque S.A.
UBAE Arab Italian Bank S.p.A.
UBAF Bank Limited
UBAN-Arab Japanese Finance Limited

March, 1980

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



SARAWAK SHELL BERHAD

U.S. \$300,000,000
PETROLEUM OPERATIONS TERM LOAN

LEAD MANAGER

CITICORP INTERNATIONAL GROUP

MANAGED BY

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
NATIONAL WESTMINSTER BANK GROUP
BANK BUMIPUTRA MALAYSIA BERHAD
THE SUMITOMO BANK, LIMITED

PROVIDED BY

CITIBANK, N.A.
NATIONAL WESTMINSTER BANK GROUP
THE SUMITOMO BANK, LIMITED
BANKERS TRUST COMPANY
THE CHASE MANHATTAN BANK, N.A.
CHEMICAL BANK
CREDIT LYONNAIS
MALAYAN BANKING BERHAD
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BANK BUMIPUTRA MALAYSIA BERHAD
ALGEMENE BANK NEDERLAND N.V.
BARCLAYS BANK INTERNATIONAL LIMITED
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
LLOYDS BANK INTERNATIONAL LIMITED
TORONTO DOMINION BANK

CITICORP INTERNATIONAL BANK LIMITED

AGENT

FEBRUARY 20, 1980

مكتبة النور

Companies
and Markets

INTL. COMPANIES & FINANCE

Hitachi lays challenge in integrated circuit market

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

HITACHI, Japan's largest integrated electrical manufacturer, will invest ¥20bn (\$80m) this year in a bid to catch up with Nippon Electric Company as Japan's leading manufacturer of integrated circuits (ICs). Hitachi aims to expand output of semiconductors (including ICs) by 27 per cent to ¥165bn this year. In the business year just ended it produced and sold ¥130bn of semi-conductors, an increase of 20 per cent on the 1978 figure.

ICs now constitute 8 per cent of Hitachi's total sales, but one third of investment in new capacity this year will be devoted to integrated circuits. One of Hitachi's motives for challenging NEC as Japan's top IC manufacturer is to gain in price leadership in what is becoming a highly competitive market.

In 1978, according to an

independent survey, Hitachi accounted for 17 per cent of Japanese IC production compared with NEC's 20 per cent. Hitachi, however, depends more heavily on internal sales—sales of ICs to other divisions of its own group—than does NEC. About 20 per cent of Hitachi's sales were internal last year compared with an estimated 12 per cent for NEC.

Both Hitachi and NEC (which projects its 1980 sales at over ¥180bn) say that demand for their output of ICs will outrun supply in 1980 and probably beyond. The speed of growth of the market appears to bear little resemblance to the overall pattern of economic growth in Japan, which is expected to slacken towards the end of the year.

NEC, in a recent survey, was listed as the world's fourth

largest IC manufacturer, with Hitachi in sixth position. Both companies are, however, moving rapidly up the world league table.

FUJII PHOTO FILM COMPANY plans to increase production of non-carbon paper to about 4,100 tonnes a month from 3,500 tonnes by June next year at a total cost of ¥3bn (\$12m), reports Reuters from Tokyo.

The company, Japan's biggest non-carbon paper manufacturer, with a 32 per cent market share, said that domestic demand for the product will rise at an annual rate of over 15 per cent with the growth in the computer market.

Fuji's sales of non-carbon papers in the 1979 business year ended last October, totalled ¥20bn, accounting for 6 per cent of its total sales.

Japanese capital outlays to rise

TOKYO—Despite the Government's credit squeeze, equipment investment by Japanese companies in the current fiscal year, started April 1, is expected to rise.

According to a survey of 1,765 major firms by the Industrial Bank of Japan, the companies are planning to spend ¥12,230bn (\$48bn) on equipment investment in the year, a 14 per cent increase from the previous year's ¥10,720bn.

Another survey, of 1,115 major firms, by the Long-term Credit Bank of Japan, showed that capital spending will rise by 15.4 per cent from the previous year to ¥9,660bn.

Both surveys attributed the rise mainly to a steep increase in investment in the electric power industry. They also cited aggressive corporate desire to invest funds in streamlining energy-saving facilities in an attempt to reduce production

costs in the face of rising oil prices and an electricity rate increase this month.

The Industrial Bank said investment in the motor-car, electric, and general machinery industries is likely to become more active with the support of recent brisk demand in both domestic and overseas markets. The survey said planned investment in the manufacturing industry as a whole will total ¥3,800bn, up 5.9 per cent from the previous year, while that in the non-manufacturing sector, excluding electric power companies, will reach ¥4,540bn, up 11.3 per cent.

Planned investment in the electric power industry alone will increase by a sharp 26.7 per cent to ¥3,580bn; spending in the motor-car sector will rise 24.3 per cent to ¥681bn; in the electric industry by 23.3 per cent to ¥411bn; and in the

general machinery sector by 21.9 per cent to ¥1,570bn.

Investment in the steel industry, however, will drop by 4.6 per cent to ¥686bn, partly because investment by some steelmakers has run its course, the survey added.

TOKYO ELECTRIC Power Company plans to increase its capital outlay for plant and equipment in fiscal 1980 started this month by 27 per cent to ¥1,240bn (\$4.8bn) from an estimated ¥975bn in fiscal 1979.

The forecast assumes that electric power consumption will rise by an annual rate of some 6 per cent over the next several years. Under the plan, the company will start construction of a nuclear power station with a capacity of 2.2m kilowatts for completion in fiscal 1988.

Clal Israel stays ahead of inflation

By Our Tel Aviv Correspondent. CLAL (ISRAEL), the country's largest investment company, reports that its net after-tax profit last year reached \$232m (\$22.3m), a rise of 132 per cent, or more than 20 more than the inflation rate. Net profit per share came to \$1.31, against \$0.63 in 1978.

The group comprises 200 companies in fields such as industry, construction and trade services and finance. The industrial division accounted for 14,400m of last year's profit, with its main activities being in cement production, steel castings, electrical and electronics production and textiles. Exports increased to \$80m from \$50m a year earlier.

The total value of assets rose to \$14.6bn at end-1979, compared with \$8.1bn a year earlier. The company's total cash dividends for 1979 come to 13 per cent (12 per cent in 1978), while the total bonus share distribution will be unchanged at 40 per cent.

Control of FIBI sold to group of industrialists

BY L. DANIEL IN TEL AVIV

THE controlling interest in the First International Bank of Israel (FIBI)—the country's fifth largest bank—has been sold for \$26m by the Shaul Eisenberg group to a recently formed local company, Danot.

Danot was established by a group of leading industrialists and the head of a large insurance company with the aim of setting up Israel's first merchant bank together with Bank Leumi.

Mr. Eisenberg acquired control of FIBI only a year ago when he bought the holdings of the First Pennsylvania Corporation and subsequently acquired additional stock from local shareholders. The Danot group has not abandoned its plans to participate in the establishment of the proposed merchant bank, but its share will clearly have to be smaller than originally intended in view of its latest commitment. Danot intends to raise capital on the

Tel Aviv stock exchange for both projects.

ISRAEL DISCOUNT Bank Investment Corporation, which specialises to a large extent in industrial investment, reports a net profit for 1979 of \$208m (around \$5m), up 94 per cent on 1978. Earnings per share, after full dilution, came to \$1.07 per share of \$1 nominal value, compared with \$0.56 in the previous year.

Total balance-sheet assets at the year-end stood at \$1.1bn (\$450m), for a rise of 110 per cent, while total capital reserves on December 31 came to \$623m, against \$411m in 1978, and the investment portfolio to \$570m, compared with \$385m.

The bank paid a cash dividend of 18 per cent in December, and 30 per cent in bonus shares was issued in February, in respect of 1979, matching the payment and issue in 1978.

Sharp gain for Mahindra and Mahindra

BY R. C. MURTHY IN BOMBAY

A SHARP rise in operating profits has been achieved by Mahindra and Mahindra (M and M), the engineering company engaged in, among other things, production of the jeep range of vehicles and tractors. Pre-tax profits rose to Rs 125.7m (\$15.3m) in 1979 from Rs 52.42m in 1978, for a 139 per cent rise.

M and M has raised its dividend from 18 per cent to 20 per cent and proposes a scrip issue of one share for every ordinary

share hold.

The company recorded its highest ever production and sales in 1979, with the pooling of engineering facilities of M and M and International Tractors, its sister company, brought about by merger a year ago.

The company proposes to market an improved Jeep by fitting to it a fuel saving diesel engine, to be manufactured in collaboration with Peugeot of France. The Government has

cleared M and M plan to produce the Peugeot XDP 4.90 diesel engine in India.

M and M proposes to set up a joint venture in Greece in partnership with Balkania K Zacharopoulos of Athens, for the manufacture of Jeep vehicles and trucks. It is proposed initially to assemble vehicles mainly from packs shipped in and at a later stage to explore the possibility of progressive switching to manufacture locally.

First-half advance at New Straits Times

By Wong Sulong in Kuala Lumpur

PRE-TAX EARNINGS of New Straits Times Press, Malaysia's biggest publishing group, rose by more than 50 per cent to 11.2m ringgit (\$4.9m) in the six months to end February. Turnover advanced by 32 per cent to nearly 44m ringgit. The interim dividend is held at 15 per cent.

The first half of the group's financial year is usually a buoyant period, coinciding as it does with the country's major festivals and holidays. The good results were said to be due largely to strong earnings from advertising, coupled with steady growth in circulation, and better performance from its subsidiaries, Berita Publishing and Financial Publications.

The parent company, which publishes the New Straits Times, the Malay Mail and the Malay Language daily, Berita Harian, and their Sunday editions, contributed 93 per cent of the group's profits, with the pre-tax surplus up by 48 per cent to 10.9m ringgit.

The group's last annual report showed that circulation of the group's English language newspapers were reaching a plateau, but strong growth has been reported by the Berita Harian. This reflects the rapid shift in Malaysia's education system, in which Malay is increasingly used as the medium of instruction.

Exports boost Bata Malaysia

By Our Kuala Lumpur Correspondent

A STRONG surge in sales, particularly in the export sector, has boosted earnings of Bata Malaysia, which recorded a 48 per cent rise in pre-tax profits to 7.5m ringgit (\$3.4m) for the year ending December.

The company said the higher production and sales levels have reduced the impact of higher production costs on profit margins, which increased to 11.6 per cent compared with 9.5 per cent previously. Total sales advanced by 21 per cent to 68m ringgit, while exports increased by over a third to 9.3m ringgit.

In view of the higher earnings, Bata is paying a final dividend of 16 per cent, bringing the year's total to 23 per cent against 20 per cent previously.

The company expects the current year to be a good one based on its performance of the first quarter and orders in hand.

Recovery for Utd Engineers Malaysia

By Our Kuala Lumpur Correspondent

UNITED Engineers Malaysia, the building and equipment group, has produced its best results in recent years. For the 12 months ending December, pre-tax profits were 5.2m ringgit (\$2.32m), compared with 750,000 ringgit the previous year.

The pre tax earnings were made after paying nearly 5m ringgit in interest charges. During the year, the group undertook several major engineering contracts and profits were also enhanced by the massive management reorganisation undertaken in mid-1978.

United Engineers Malaysia is now taking steps to reduce its heavy debt burden. Last month, it announced plans to raise a total of 35m ringgit (\$15m) through a one-for-four rights issue and a special issue of 8.75m ringgit shares for Malays.

All of these securities have been sold. This announcement appears as a matter of record only.

April 3, 1980

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Bleak outlook for most engineering companies

BY IAN RODGER AND ARNOLD KRANSDORFF

DESPIITE CLAIMS that they weathered the 13-week steel strike fairly well, most engineering companies face a bleak and probably deteriorating outlook over the next year to 18 months.

Soft economic conditions have caused markets to fade while the continuing strength of sterling and sharply rising production costs have hampered the industry's ability to compete against foreign suppliers both at home and abroad.

The consequent build-up of stocks, exacerbated by the haulage and engineering strikes last year, has forced many engineering companies to take on large bank loans at crippling interest rates.

The Bank of England reported last week that bank lending to engineering companies rose 11.5 per cent between November and February, more than double the average rate of increase in manufacturing. Over the last year, lending to engineering firms grew by 35.5 per cent compared with an average 25 per cent to manufacturing as a whole.

The grim outlook was confirmed by the February report on short-term trends for the mechanical engineering industry, published by the working party made up of representatives of the industry, employers and trade unions, and of government officials. The report said the industry was facing at least 18 months of severe recession and forecast a 10 per cent reduction in new orders and an 11 per cent reduction in sales in 1980.

Mr. Ian Thompson, economic adviser to the Engineering Employers' Association, said: "Basically, the outlook in the

February report is still valid. If anything, things are probably a little worse."

Very few companies have admitted being seriously affected by the steel strike. Metal Box, which relies on BSC for more than 90 per cent of its tinplate, and is the main supplier to the food canning industry, was probably the most exposed.

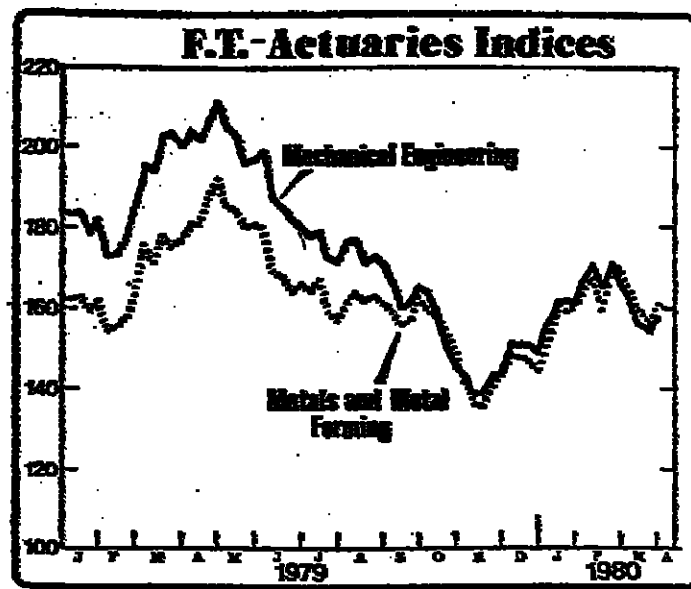
It had to lay off 40 per cent of its 15,000 workers and production dropped at one point to 30 per cent of normal levels on processed food cans. "We have a lot of catching up to do," Mr. D. I. Allport, chairman, said. The company declined to comment on the likely financial impact of the strike but pointed out that disruption of deliveries during last year's haulage strike cost £5m.

Guest Keen and Nettelfolds, a manufacturers of steel, a steel stockholder and a major manufacturer of engineering products, found that the strike had a progressively disruptive effect. The company said first quarter UK profits had been severely affected, but refused to elaborate.

Not only had deliveries from BSC been cut off but the group's own two steel mills, in Cardiff and Wrexham, were shut for three to four weeks in February.

Recovery in the short term depends on pick-up in customer demand. "We will have no feel for it until we have seen a few months go by," Mr. Trevor Holdsworth, chairman, said. "I'd rather not even speculate."

KGN is uncertain about the underlying level of demand for its engineering products. Demand was high in January



and February in fasteners, for example. Orders have since declined but a large backlog remains.

One possible explanation is that customers were chasing anything with steel content but will now live off stocks.

On the steel side, Mr. Basil Wood, a director, said that the GRN had "a lot of orders in the pipeline from BSC and from other suppliers. For some time, we have had a policy of diversifying sources."

Mr. Wood said the company's own steel warehouses were full and he suspected there were further extensive stocks at the docks.

Tube Investments feared most the loss of market share in some of its businesses. For example, the company's share of the UK bicycle market is normally about 80 per cent but it slumped "dramatically"

during the strike, according to Mr. P. Garner, finance director. "Our recovery will depend quite a lot on how long it takes for BSC to get back on stream, although we still have some import arrangements to tide us over."

Like most engineering companies, the Weir Group, the Glasgow-based manufacturer of pumps and steel castings, claims to have weathered the strike fairly well but its managing director, Mr. J. J. B. Young, still fears that "a bit of a knock-on effect is developing. Sales are being affected because manufacturing customers face erratic component shortages and so stop production and, consequently, purchases of other components."

Mr. Philip Shephard, a research partner with the brokerage firm of Smith Keen Cutler argued that the impact of

the strike has yet to be noticed by most companies.

"Most have kept up production but at a sacrifice in efficiency," Mr. Shephard said. "I believe profits in the first quarter will show the cost of shuffling production schedules, much higher transportation costs, the use of materials of not ideal specification. Shorter runs and down time."

In general, he suspected the impact would range from one-third to one-half as severe as that of the engineering strike last autumn.

The strike also raised the question of the reliability of BSC as a supplier in the market. Mr. J. O. Sewell, managing director of GEI International, is worried that BSC could face further disruption when dealing with its "horrible demanding problem."

"People like us are going to have to start looking at sourcing on the Continent. And when you go to the Germans and the French, they are not interested in a one-off deal. They want long-term contracts."

Mr. Simon Dawes, an analyst with stockbrokers Laing and Cruickshank, predicted that BSC would fight hard to regain its market share and that would hurt private steelmakers' profit margins.

"BSC cannot afford to increase prices in the short term. Therefore many private producers will not be able to increase prices although costs are shooting up."

Still, Bridon, the Doncaster-based wire and engineering group, may be contemplating investing the proceeds of the impending sale of its South African associate in a steel mill in Britain, either alone or with partners. The company's



Assembly of a 650 MW turbine-line at the Newcastle-upon-Tyne works of C. A. Parsons, part of Northern Engineering Industries

business is extremely volume-sensitive and it values security of supply.

Even without the steel strike, the outlook for the engineering sector as a whole was already being described by analysts as "subdued," "grim," "disastrous" or "lousy."

There is some dispute about the likely course of capital spending by manufacturing industry on engineered products in the next few months. Many engineering companies claim that their order books are holding up, but the figures of the industry's own joint working party and the Government's own forecast of a 4.5 per cent decline in manufacturing output this year suggest a darker future.

Mr. M. F. Julien, BICC finance director, said that there are no indications yet of a

downturn in activity on the scale indicated by Treasury forecasts. Balfour Beatty's UK orders are holding up well and BICC export orders have risen some 15 per cent over the last year.

Mr. Sewell of GEI International also expressed "qualified optimism. I do not belong to the Cambridge set of gloom and doomsters," he said. He remains concerned, however, about remaining competitive if wage rates continue to rise by about 20 per cent a year.

There is no dispute about the impact of squeezed margins and already soft markets. The Weir Group, for example, has seen its debt jump to close to £40m at the end of 1979 from £17m at the end of 1978. Interest charges rose to £4.5m from £2.5m and could increase

to £7m this year if the debt level remains unchanged.

"We are doing all we can to reduce our borrowing," Mr. Young said. The company which passed its final 1979 dividend, still believes some evidence of recovery will show up later this year, not because of much improvement in markets but because two loss-making foundries have been shut and the valve manufacturing interests sold.

Mr. Young said the 1980 order book on the pump side of the business was satisfactory. "I am more concerned with the flow in 1981. We are finding it pretty hard going. We are working on a lot of projects worldwide but they seem to take longer to come to fruition than before."

Among other major engineering firms, Vickers is more concerned about the loss of its Chalfont tank sales to Iran than the steel strike. Stone-Platt, after the worst year in its history, sees some positive indications that UK workload could pick up later this year, according to Mr. Derrick Willingham, its finance director.

However, low demand for textile machinery has kept the company's Lancashire factories on a three-day week so far this year. BICC, which says strikes in the UK cost it between £2m and £5m last year, expects to be only marginally affected by the steel strike, mainly in Balfour Beatty's structural steelwork business.

Babcock International does not expect much improvement in 1979's depressed results, notably because of the downturn in the U.S. auto market, the dearth of big new international contracts and higher international interest rates.

APPOINTMENTS

Duport group changes

Mr. James Winstanley has joined Duport and will become group managing director on July 1. He was previously with Associated Engineering. Mr. J. M. Russell is to be deputy chairman and chief executive of Duport and Mr. J. M. Patterson is to be made an additional deputy chairman. Mr. F. R. Leaver will have full-time duties as group director responsible for corporate planning and development. Also from the beginning of July the group will be organised into four divisions with the following chief executives: Steel, Mr. S. Edwards; Furniture, Mr. P. W. Stone; Plastics, Mr. A. A. Mowbray; and Metal Forming, Mr. W. E. Williams. Mr. W. E. Williams and Mr. J. M. Russell.

PORTLAND HOLDINGS has appointed Mr. E. J. Russell as president of Portland Water Treatment Inc., and chairman of the Wright Chemical Corporation (the Portland Water Treatment North American subsidiaries). Mr. J. G. Jones has become managing director of Housman (Burlington) in succession to Mr. Daniels.

Mr. Bernard C. Owens has been appointed a local director of REED STEPHENSON UK. He recently retired as chairman and managing director of Unochrome International.

Mr. David Pritchard-Barrett, managing director of GREENALL WHITLEY & CO. since 1976, is leaving the group to take up a new appointment in industry.

Mr. J. Hugh Jones has been elected chairman of BEAUMONT PROPERTIES in place of Sir Cyril Black, who did not seek re-election as a director at the recent annual meeting and has ceased to be chairman.

Mr. L. E. Cope has retired as chairman of WILSON SMITH & COPE, a subsidiary of Guinness Peat Group, and has been succeeded by Mr. J. L. Best. Mr. W. E. Cope has been appointed managing director. Mr. Cope remains a director of the company.

LESLIE AND GODWIN has formed "Leslie" and "Godwin" International as an operational company with the following board: Mr. P. C. Methley, chairman and managing director, Mr. J. G. Alden, Mr. J. Barrow, Mr. A. E. Bates, Mr. D. R. Jenkins, Mr. J. A. Leslie, Mr. G. T. Lewis, Mr. R. S. McKenna, Mr. E. A. Macdonald, Mr. M. E. L. Orskov and Mr. R. J. Walshe.

The new company forms the central management of the international group's operational companies which have now been

consolidated into four main units, plus a service company. The four companies and managing directors are Leslie and Godwin, Non-Marine, Mr. Jenkins; Leslie and Godwin, North America, Mr. Mowbray; Leslie and Godwin, Aviation, Mr. Stone; and Leslie and Godwin, Marine, Mr. Walshe. The new services company is Leslie and Godwin International Services with Mr. Barrow as managing director.

The following Board appointments have been made in two recently formed HAWKESLEY companies involved in the railway industry. Hawkesley Rail, Sir Arnold Hall, chairman, Mr. G. S. W. Calder, Mr. J. M. Dwyer, Mr. E. J. Harris, Mr. A. J. Lawrence, Mr. D. Pollock, Mr. T. W. R. Salter, Mr. L. E. Thompson, Mr. E. J. White and Mr. F. E. Wood. Hawkesley Rail Projects, Mr. Dwyer, chairman, Mr. Calder, managing director, Mr. F. E. Beasant and Mr. E. Howard. Part-time directors of that company are: Mr. R. C. Balfour, Mr. P. J. S. Fordham, Mr. E. J. T. Jones, Mr. E. J. Macdonald, Mr. Pollock, Mr. E. J. Harris and Mr. E. G. Sephton.

Mr. A. E. F. Wilkinson is to become managing director of ECLIPSE TOOLS, a subsidiary of James Neill Holdings from April 9. He succeeds Mr. M. E. Heald, who leaves by mutual consent.

Mr. James R. Pettit has joined HEIDRICK AND STRUGGLES INTERNATIONAL as a vice president of its international consulting practice based in London.

Mr. Roly Jarvis has become managing director of TI RALEIGH and relinquishes his position as group finance director but remains on the Board of TI Raleigh Industries, the holding company.

Mr. Martin W. Padden has been appointed commercial director of the BRITISH TRANSPORT Docks Board from May 1. He was previously with Canadian Pacific Steamships as "manager" business development.

Mrs. Mary Baker, wife of Mr. Kenneth Baker, Conservative MP for St. Marylebone, has become chairman of the LONDON TOURIST BOARD. She succeeds Lord Passmore, who is retiring because of business commitments.

Mr. E. S. Beesmore, managing director of DENNISON MANUFACTURING COMPANY,

has taken over the additional position of chairman and is now chief executive of all UK operations. Mr. E. M. Smith has retired as chairman but retains a non-executive directorship as a consultant.

Dr. W. C. Emmerson has been appointed technical director on the Board of FIELD SONS AND CO., part of Reed International.

Mr. E. F. Webster, a senior principal in the Paymaster General's Office at the Treasury, has been appointed Assistant Paymaster General in succession to Mr. N. C. Norfolk, who is retiring. Mr. Webster will take up his new duties, which are at Assistant Secretary level, from May 19.

Mr. Ivor Elms has been elected president of the ASSOCIATION OF BRITISH TRAVEL AGENTS. He is managing director of the London-based Tottenham Travel Ltd.

BRABY LESLIE has made the following appointments and alterations to the Board of E. C. Payer and Co. Mr. T. Wilson will transfer to Braby Group, Liverpool, as director and general manager designate, relinquishing his post as managing director of Payer, but is remaining a director. Mr. R. H. Yocke, currently financial director, will be appointed managing director. Mr. H. Pilkington, currently chairman of Payer, will resign his directorship to concentrate on other activities within the group. Mr. M. S. Sidani, a director of Payer, will be appointed chairman. He is also group managing director of Braby Leslie.

The BENJAMIN PRIEST GROUP has made the following management changes: Mr. Philip Beaman has retired as a director of the group; Mr. Edgar Bull has also retired from the group parent company board but continues as a director of J. E. Woodall and Co.; Mr. Brian Doyle has been appointed managing director of Blackheath Engineering Co.; Mr. Alan Grant has been named export director of Integrated Handling; Mr. Trevor Little has become works director of HI-Space Systems; Mr. Arthur Robinson has been appointed chairman of S. Taylor and Co. in addition to his other executive responsibilities within the group; Mr. Peter Young has been made managing director and Mr. Allen Hughes appointed finance director of S. Taylor and Co.

Mr. D. G. (BIM) Bailey has been appointed secretary of the CENTRAL COUNCIL FOR AGRICULTURAL AND HORTICULTURAL CO-OPERATION and head of its co-operative planning department. He succeeds Mr. J. A. E. Morley, who has retired but will continue as a part-time consultant to the council.

Mr. David E. Palin has been appointed managing director at S AND P COIL PRODUCTS, Leicester-based manufacturer of coils and heating products and is a member of the Halma group of companies.

GRANDMET INTERNATIONAL SITE SERVICES has appointed Mr. Paul Thackray to the Board as financial director of Grandmet International Site Services (Holdings) and three other Grandmet companies.

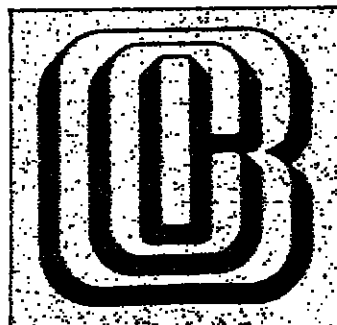
BANK OF INDIA has appointed Mr. K. L. Samant as the chief manager of its UK and European branches with headquarters in London.

Mr. Julian Markham has been re-elected chairman of the LANDED PROPERTY CONSULTATIVE COUNCIL for the second year. He is chairman of Glenage Properties and a past president of the Incorporated Society of Valuers and Auctioneers.

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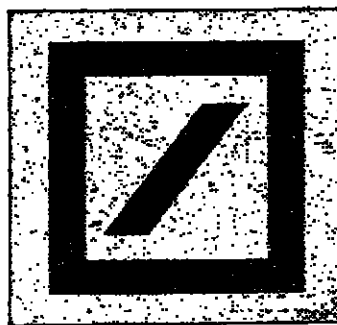
Amsterdam-Rotterdam Bank, Netherlands



Banca Commerciale Italiana, Italy



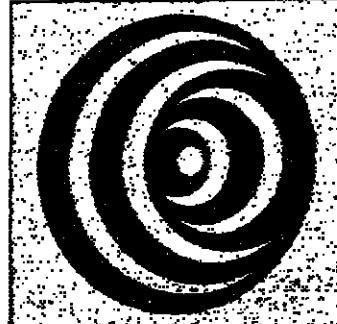
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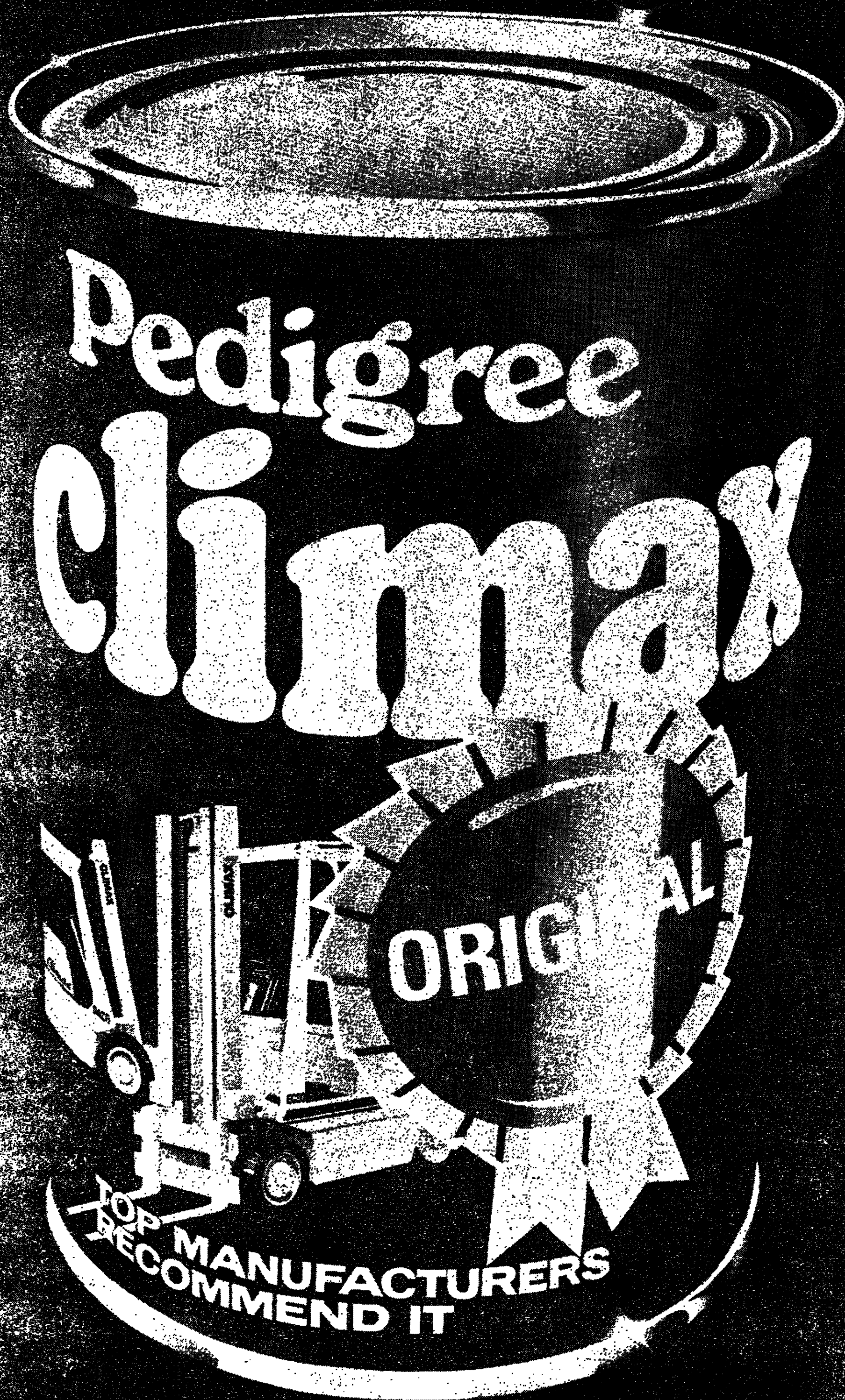
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Dollar weak

FEARS OF further tension in the Middle East following President Carter's move to sever diplomatic relations with Iran, and unrest between Iran and the regime in Tehran, led to the selling of the dollar in the foreign exchange market. Earlier in the day the U.S. currency had been firm, on interest rate considerations, but by early afternoon sales of dollars were seen from Middle Eastern interests, coupled with a renewed demand for gold. When New York opened the dollar continued to decline in the absence of any buying support.

The dollar fell to DM1.9455, from DM1.9650 on Thursday, against the Deutsche Mark and to SwFr 1.5470 from SwFr 1.5680 against the Swiss franc. A warning from Iran that it would cut oil supplies to any country joining in U.S. sanctions hit the Japanese yen however, and the dollar rose to ¥259.10 from ¥257.25, but was well down from earlier levels in Tokyo.

The dollar's trade-weighted index, as calculated by the Bank of England, was unchanged at 91.8.

Sterling's index on Bank of England figures, rose to 72.8 from 72.5 on Thursday, after standing at 72.5 at noon and 72.5 in the morning. The pound opened at \$2.1365-2.1375, and touched a low point of \$2.1360-2.1370 in the morning, but later recovered to \$2.1400. In the afternoon sterling rose to a best level of \$2.1480-2.1500, and closed at \$2.1465-2.1475, a rise of 2.50 cents from Thursday.

D-MARK—Weaker within the European Monetary System and against the dollar following expectations of a continuing balance of payments deficit in Germany, and effects of anti-inflation measures and higher interest rates in the U.S.—The D-mark weakened against the dollar, sterling, and members of the EMS. The Bundesbank did not intervene when the dollar rose to DM1.9723 from DM1.9548 at the Frankfurt fixing.

after trading within a range of DM1.9855 and DM1.9785 during the morning. Sterling improved to DM4.2100 from DM4.1920, and the Swiss franc to DM1.9553 from DM1.9541. Within the EMS the French franc rose slightly to DM4.3141 per 100 francs from DM4.3040, and the Irish punt to DM3.7680 from DM3.7450.

BELGIAN FRANC—One of the weakest members of the EMS over the last year, but central bank intervention and record interest rates have lifted the franc off its floor within the system. The franc showed mixed changes against its EMS partners, improving against the D-mark and Dutch guilder, but losing ground to the Irish punt, Danish krone, and Italian lira at the Brussels fixing. The French franc was fixed unchanged at BFR6.90. Outside the EMS the dollar rose to BFR31.6050 from BFR31.35, and sterling to BFR67.6475 from BFR67.29.

DANISH KRONE—Remaining weak, but slightly firmer within EMS, following two devaluations in last 12 months. The krone improved against other EMS currencies with the exception of the Dutch guilder and Italian lira. The dollar rose to Dkr6.1235 from Dkr6.1035 at the Copenhagen fixing, while the pound fell to Dkr18.0955 from Dkr18.0990.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in a support package and heavy central bank intervention. The Bank of Japan sold about \$100m to support the yen in heavy Tokyo foreign exchange trading yesterday. Fears that U.S. moves to break diplomatic relations with Iran will result in the suspension of oil exports to Japan pushed the dollar to a high point of ¥264, before closing at ¥259.10, compared with ¥263.50 on Monday, and ¥257.25 in London before the Easter weekend.

EMS EUROPEAN CURRENCY UNIT RATES

| ECU | Central rates | % change against ECU | % change against ECU | % change against ECU | Divergence limit % |
|---------------|---------------|----------------------|----------------------|----------------------|--------------------|
| Belgian franc | 36.7897 | 40.8338 | +2.12 | +1.02 | +4.53 |
| Danish krone | 7.2238 | 7.89114 | +1.85 | +0.55 | +1.64 |
| German D-Mark | 2.4936 | 2.4936 | +2.12 | +1.02 | +1.64 |
| French franc | 6.54700 | 5.84328 | -0.06 | -1.16 | -1.25 |
| Dutch guilder | 2.74382 | 2.74382 | +0.57 | -0.53 | -1.52 |
| Irish punt | 0.68820 | 0.68820 | +1.07 | -0.03 | -1.68 |
| Italian lira | 1167.28 | 1170.72 | +1.37 | +0.03 | +2.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

| April 8 | Pound sterling | U.S. dollar | Deutsche Mark | Japanese Yen | French Franc | Swiss Franc | Dutch Guilder | Italian Lira | Canada Dollar | Belgian Franc |
|-----------------|----------------|-------------|---------------|--------------|--------------|-------------|---------------|--------------|---------------|---------------|
| Pound sterling | 1 | 1.561 | 2.167 | 289.1 | 9.725 | 4.005 | 4.805 | 1653 | 2.587 | 67.70 |
| U.S. dollar | 0.641 | 1 | 1.446 | 289.1 | 4.888 | 1.848 | 2.125 | 901.5 | 1.104 | 31.24 |
| Deutsche Mark | 0.463 | 0.694 | 1 | 133.1 | 3.206 | 0.950 | 1.092 | 465.0 | 0.609 | 16.05 |
| Japanese Yen | 1.701 | 2.855 | 7.511 | 1000 | 17.52 | 7.133 | 8.201 | 347.7 | 4.571 | 120.6 |
| French Franc | 1.088 | 1.688 | 4.337 | 877.4 | 10 | 4.118 | 4.735 | 2008 | 2.659 | 69.61 |
| Swiss Franc | 0.250 | 0.385 | 0.955 | 149.2 | 10 | 1.150 | 1.250 | 497.5 | 0.641 | 16.90 |
| Dutch Guilder | 0.317 | 0.471 | 0.915 | 121.9 | 2.112 | 0.870 | 1 | 424.0 | 0.557 | 14.70 |
| Italian Lira | 0.618 | 1.110 | 2.160 | 287.5 | 4.881 | 2.251 | 2.559 | 1000 | 1.314 | 34.67 |
| Canadian Dollar | 0.390 | 0.644 | 1.643 | 218.9 | 2.788 | 1.580 | 1.794 | 780.8 | 1 | 26.38 |
| Belgian Franc | 1.477 | 2.501 | 6.230 | 829.4 | 14.56 | 5.915 | 6.802 | 2884 | 3.791 | 100 |

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.50-18.70 per cent; three-months 18.70-18.80 per cent; six months 18.55-18.65 per cent; one year 17.00-17.10 per cent.

| April 8 | Sterling | U.S. dollar | Canadian dollar | Dutch guilder | Swiss franc | West German Mark | French franc | Italian lira | Asian \$ | Japanese yen |
|---------------|---------------|---------------|-----------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| Short term | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| 7 days notice | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Month | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Three months | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Six months | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| One year | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 |

Long-term Eurodollar two years 15 1/2-16 per cent; three years 15 1/2-16 per cent; four years 15 1/2-16 per cent; five years 14 1/2-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates steady

Interest rates showed little change on the first day after the Easter holidays, and the overall mood was little affected by President Carter's latest sanctions against Iran.

In Paris money rates were unchanged from Thursday with call money at 12 1/2 per cent, unchanged from previously. Call money has not been lower since late February, with the easier credit conditions reflecting in part the strength of the French franc. Longer term rates were also unchanged from Thursday.

In Frankfurt call money was quoted at 9.20-9.30 per cent against 9.20-9.50 per cent on Thursday. Period rates were slightly easier where changed, with one-month money at 9.20-9.40 per cent against 9.50-9.50 per cent, and three-month money at 10.25-10.45 per cent, compared

with 10.30-10.45 per cent. In Brussels the Belgian franc recovered from its lower level within the EMS as high interest rates continued to support the currency after its recent decline. One-month deposits for the Belgian franc now command 17 1/2 per cent, while six-month deposits were quoted as high as 17 1/4 per cent.

In Amsterdam interest rates were slightly easier, with call money at 11 per cent compared with 11 1/4 per cent. Conditions were easier yesterday after last week's tightening of short term liquidity ahead of the Easter weekend.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979).

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and corporation bills, all direct from the discount houses, as well as a small amount lent to one or two houses at MLR, for repayment today. The market was

GOLD

Sharp rise

Gold rose \$62 to close at \$537-\$542 in the London bullion market yesterday, following fears of further tension in the Middle East after the breaking of diplomatic links between the U.S. and Iran. The metal opened at \$514-\$519, the lowest level of the day, and was fixed at \$518.40 in the morning, and \$528 in the afternoon, before finishing at the high point of the day.

In Paris the 12 1/2 kilo gold bar

was fixed at FFf 75,000 per kilo (\$513.11 per ounce) in the morning, compared with FFf 71,700 (\$495.13) Thursday afternoon. In Frankfurt the 12 1/2 kilo bar was fixed at DM 32,960 per kilo (\$520.03 per ounce), compared with DM 30,920 (\$491.94) previously, and closed at \$537-\$542, compared with \$475-\$480 on Thursday.

In Zurich gold finished at \$535-\$540, compared with \$488-\$493 previously.

| April 8 | Gold Bullion (fine ounce) | April 8 | Gold Bullion (fine ounce) |
|------------------|---------------------------|------------------|---------------------------|
| Close | \$537-\$542 | Close | \$537-\$542 |
| Opening | \$514-\$519 | Opening | \$514-\$519 |
| Morning fixing | \$518.40 | Morning fixing | \$518.40 |
| Afternoon fixing | \$528 | Afternoon fixing | \$528 |

| April 8 | Gold Bullion (fine ounce) | April 8 | Gold Bullion (fine ounce) |
|------------------|---------------------------|------------------|---------------------------|
| Close | \$537-\$542 | Close | \$537-\$542 |
| Opening | \$514-\$519 | Opening | \$514-\$519 |
| Morning fixing | \$518.40 | Morning fixing | \$518.40 |
| Afternoon fixing | \$528 | Afternoon fixing | \$528 |

LONDON MONEY RATES

| April 8 | Sterling | U.S. dollar | Canadian dollar | Dutch guilder | Swiss franc | West German Mark | French franc | Italian lira | Asian \$ | Japanese yen |
|---------------|---------------|---------------|-----------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| Overnight | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| 7 days notice | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Month | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Three months | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Six months | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| One year | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 | 17 1/2-17 3/4 |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15-16 per cent; four years 15 1/2-16 per cent; five years 15 1/2-16 per cent; 99 year, bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17 1/2-17 3/4 per cent; four-month trade bills 17 1/2-17 3/4 per cent. Approximate selling rates for one-month Treasury bills 15 1/2-16 per cent; two-month 16 1/2-17 per cent; three-month 17 1/2-18 per cent. Approximate selling rates for one-month bank bills 17 1/2-17 3/4 per cent; two-month 17 1/2-18 per cent; three-month 18 1/2-19 per cent; four-month 19 1/2-20 per cent; five-month 20 1/2-21 per cent; six-month 21 1/2-22 per cent; seven-month 22 1/2-23 per cent; eight-month 23 1/2-24 per cent; nine-month 24 1/2-25 per cent; one year 25 1/2-26 per cent. Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from April 1, 1980. Clearing Bank Deposit Rates, for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16-20 per cent.

MONEY RATES

| April 8 | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| New York | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Fed Funds | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Treasury Bills (13-week) | 14.48 | 14.48 | 14.48 | 14.48 | 14.48 | 14.48 | 14.48 | 14.48 | 14.48 | 14.48 |
| Treasury Bills (28-week) | 14.34 | 14.34 | 14.34 | 14.34 | 14.34 | 14.34 | 14.34 | 14.34 | 14.34 | 14.34 |

| April 8 | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar | U.S. dollar |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Germany | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Overnight | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| One month | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Three months | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |
| Six months | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 | 18 1/2-19 1/2 |

FRANCE

Discount Rate 7.25 per cent

Overnight Rate 12.50 per cent

One month 12.50 per cent

Three months 12.50 per cent

Six months 12.50 per cent

One year 12.50 per cent

Two years 12.50 per cent

Three years 12.50 per cent

Four years 12.50 per cent

Five years 12.50 per cent

Six years 12.50 per cent

Seven years 12.50 per cent

Eight years 12.50 per cent

Nine years 12.50 per cent

Ten years 12.50 per cent

Eleven years 12.50 per cent

Twelve years 12.50 per cent

Thirteen years 12.50 per cent

Fourteen years 12.50 per cent

Fifteen years 12.50 per cent

Sixteen years 12.50 per cent

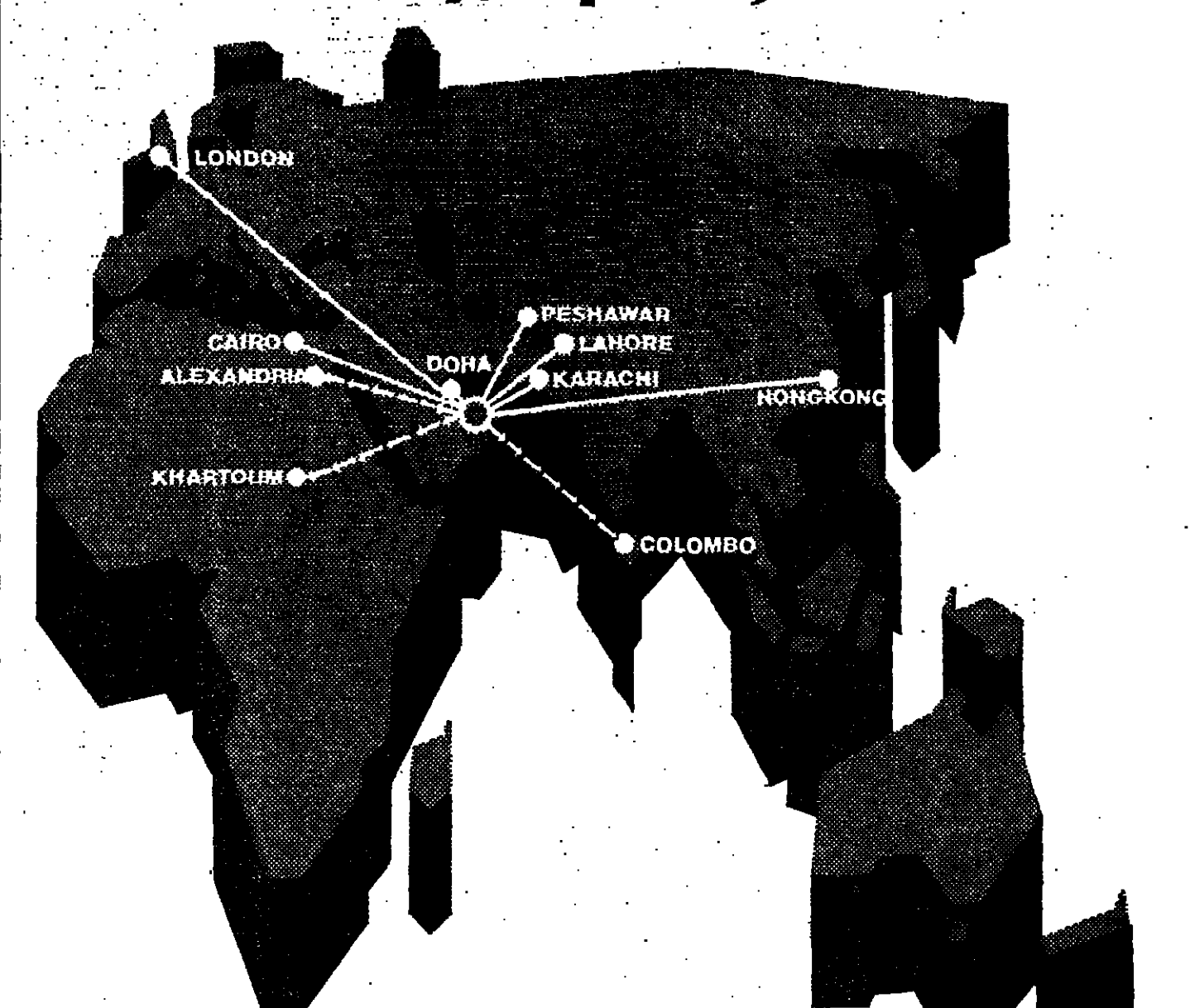
Seventeen years 12.50 per cent

Eighteen years 12.50 per cent

Nineteen years 12.50 per cent

Twenty years 12.50 per cent

BANK OF OMAN opens in COLOMBO Monday, April 7, 1980



One of the largest local banks in the UAE. Paid-up capital and general reserves of about Dirhams 200 million. Total assets over Dirhams 3-7 billion.

Now at 106 York Street, Colombo 1. Tel: 37220 (4 lines), Tlx: 1466 BOMAN CE.

| 21 Branches in the United Arab Emirates | Overseas Branches |
|---|-------------------|
| Abu Dhabi | Egypt |
| Abu Dhabi Branch | Cairo Branch |
| Airport Road Branch | Alexandria Branch |
| Al Ain Branch | Sudan |
| Ajman | Khartoum Branch |
| Ajman Branch | Pakistan |
| Dubai | Karachi Branch |
| Deira Branch | Lahore Branch |
| Dubai Branch | Peshawar Branch |
| Hor al Anz Branch | Qatar |
| Jamal Abdul Nasser | Doha Branch |
| Square Branch | United Kingdom |
| Neif Road Branch | London Branch |
| Riga Branch | |
| Suq Al Kabir Branch | |
| Satwa Branch | |

* to be opened shortly.

Head Office, P.O. Box 1250, Dubai, U.A.E. Tel: 229131 Tlx: 45428 OMAN EM

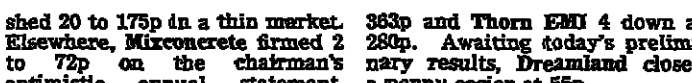
Established in 1967

Alcalá, 31, Madrid

FINANCIAL TIMES STOCK INDICES

400p, gave up 10 and 6 respectively. Among the leaders, Shell weakened 10 to 332p and BP 6 to 384p.

Trusts followed the general downward trend in the equity sectors. Adverse Press mention



sympathy with Oils. Among Financials, lower interim profits left R. P. Martin 5 cheaper at 35p.

Shippings traded easier, with Furness Withy reacting 4 to 37½ on a revival of fears that the C. Y. Tung bid may be referred to the Monopolies Commission. P and O Deferred gave up ½ to 114½ and Ocean Transport closed a similar amount cheaper at 108p.

Scattered offerings left Textiles easier for choice. Small and

Tidmas, 70p, fell 10 in a narrow market following the halved full-year profits, while perennial take-over favourite Sirdar lacked support and were marked 8 lower at 84p. Montleigh, on the other hand, provided an isolated firm feature in closing 4 better at 58p on speculative buying.

Among firmer South African industrials, Barlow Rand, 395p, and Abercom, 125p both added 10, while gains of 5 were recorded in Unilever, 95p, and

Gold surges ahead

The worsening situation over the U.S. hostages in Iran and the increasing tension between Iraq and Iran prompted a rise in the bullion price of \$62 to \$539.50 an ounce and a consequent

Share prices were marked up at the outset reflecting the good gains in overnight U.S. markets. They held steady during the morning and early afternoon and then moved ahead strongly as the gold price made fresh progress following the opening of the transatlantic markets.

Most of the late buying came from American sources although renewed local and Continental

| LONDON TRADE | | | | |
|--------------|-----------------|---------------|------|---------|
| April | | | | |
| Option | Ex'traise price | Closing offer | Vol. | Clos of |
| BP | 325 | 41 | 12 | |
| BP | 320 | 41 | | |

| | | | |
|------------|-----|-----|----|
| BP | 350 | 19 | 23 |
| BP | 350 | — | — |
| BP | 375 | 6 | 10 |
| BP | 390 | — | — |
| BP | 420 | — | — |
| Cons. Gold | 420 | 60 | 12 |
| Cons. Gold | 460 | 22 | 5 |
| Cons. Gold | 500 | 5 | — |
| Cons. Gold | 560 | 11½ | — |
| Courtauld | 60 | 7½ | — |
| Courtauld | 70 | 2 | — |

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| FIXED INTEREST PRICE INDICES | | | | | FIXED INTEREST YIELDS | | British Govt. An. Gross Red. | | Tues. April 8 | Thurs. April 9 | Year ago (approx.) |
|------------------------------|---------------|----------------|---------------|----------------------|-----------------------|---|------------------------------|-------------------------|-------------------------|----------------|--------------------|
| British Government | Tues. April 8 | Day's change % | nd adj. today | nd adj. 1930 to date | 1 2 3 | Low Coupons 5 years 15 years 25 years | 12.57 12.80 12.86 | 13.85 12.86 12.86 | 9.08 10.82 10.62 | | |
| 1 Under 5 years | 101.57 | +0.24 | 0.25 | 2.55 | 4 | Medium Coupons 5 years 15 years 25 years | 14.23 14.43 14.25 | 14.51 14.49 14.37 | 10.68 11.31 11.48 | | |
| 2 5-15 years | 104.84 | +0.44 | — | 2.60 | 5 | High Coupons 5 years 15 years 25 years | 14.28 14.73 14.64 | 14.57 14.88 14.69 | 11.37 12.80 11.74 | | |
| 3 Over 15 years | 108.10 | +0.46 | 0.56 | 3.38 | 6 | Irredeemables | 12.37 | 12.41 | 10.45 | | |
| 4 Irredeemables | 120.60 | +0.37 | — | 1.78 | 7 | | | | | | |
| 5 All stocks | 104.52 | +0.37 | 0.30 | 2.85 | 10 | | | | | | |

| | | | | | | | | | | | |
|----|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 17 | Coml. and Indl. Prefrs. (20) | 61.08 | 14.66 | 61.08 | 61.28 | 61.19 | 61.23 | 61.14 | 60.92 | 61.24 | 74.78 |
|----|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

* Redemption yield. Highs and lows record base rates and values and constituent changes are published in

| | Denomina- tion | Closing price (p) | Change on day | 1980 high | 1980 low |
|---------------------|-------------------|----------------------|------------------|--------------|-------------|
| Shell Transport ... | 25p | 9 | | 19 | 3 |
| BP | 25p | 7 384 | - 6 | 412 | 326 |
| GEC | 25p | 7 363 | - 6 | 398 | 326 |
| ICI | £1 | 7 366 | - 6 | 402 | 353 |
| Premier Cons. ... | 5p | 7 69 | - 2 | 87 | 39½ |
| Allied Breweries | 25p | 6 231 | - 1½ | 84 | 68 |
| BAT Indus. | 25p | 6 382 | - 2 | 86 | 226 |
| Barclays Bank | £1 | 6 392 | - 8 | 452 | 392 |
| Imp. Cont. Gas. ... | £1 | 6 700 | - 10 | 778 | 593 |
| Imperial Group... | 25p | 6 78 | - 1 | 84 | 7½ |
| Midland Bank ... | £1 | 6 308 | - 7 | 383 | 308 |
| NatWest Bank ... | £1 | 6 305 | - 8 | 373 | 305 |
| RTZ | 25p | 6 372 | + 7 | 456 | 327 |
| Shell & Newall | 50p | 7 104 | - 2 | 88 | 38 |
| RIICC | 50p | 5 112 | - 3 | 120 | 96 |

| DEALING DATES | | | |
|---------------|------------|--------------|----------|
| First Deal- | Last Deal- | For Declara- | Settle- |
| Mar. 21 | Apr. 11 | Jul. 10 | Aug. 21 |
| Mar. 21 | Apr. 11 | Jul. 10 | Aug. 21 |
| Apr. 21 | May 2 | Aug. 7 | Sept. 18 |
| May 21 | May 2 | Aug. 26 | Sept. 8 |

For rate indications see end of Share Information Service.

Oil, Courtlands, Shell Transport, Lesney, Ultramar, FNFC, Comfort Hotels, UDT, Charterhall, Barker and Dobson, Howard Tenens, Dares Estates, Bath and Portland, LRC and Camrex. A put was done in BP, while doubles were arranged in Shell

| Issue Price | Paid Up | Latest Reissue Date | 1980 | | Stock | Outstanding | + or - | Div. P. or Amount | Time covered | Outstanding | P/E Ratio |
|-------------|---------|---------------------|--------|--------|--------------------------|-------------|--------|-------------------|--------------|-------------|-----------|
| | | | High | Low | | | | | | | |
| \$0 | \$50 | 1 | 140 | 83 | Berkley Exploration | 110 | - | | | | |
| 50 | F.P.F. | 7/8 | 89 | 70 | Lon.Merc.'88cs.Defd | 100 | + | | | | |
| 50 | F.P.F. | 1 | 101 | 94 | Morley (R.H.) 10p..... | 70 | + | b4.75 | 1.5 | 6.8 | 18.0 |
| 50 | F.P.F. | 3/4 | 34 | 28 | Roche Plant 10p..... | 38 | | 5.4 | 1.7 | 6.4 | 6.5 |
| \$10 | F.P.F. | 6/5 | 10 1/2 | 10 1/2 | Trust of Prop. Shrs. 5p. | 10 1/2 | | | | | |

[illegible]

g 2 participating pref. shares and 1 ord. share
under special rule.

on the heavyweights, West
Australia were outstanding
with a rise of £34 to £31 in front
of the sharply increased profits
in the last quarter, while gains
of £2 and more were common to
the best, £255, President Brand,
and Western Holdings,

firm with Gold Fields 8
the gold at 476p and Rio
Zinc 7 up at 372p. East
Consolidated added 3 to
following the increased
its and proposed rights issue.
sharp rise in the free market
price encouraged gold buy-
ers of platinum. Gains of
and 12 were common to
and 372p, and Rustenburg,
while Lydenburg rose 5 to
Australians moved up in
with the overnight Sydney
set. Prices were marked up
outset, but fell back during
morning on small selling.
ever, the late surge in gold

BRITISH PUNDS (100)
Treas. 5.10c 1960 Exchgr. 36c 1/2
Treas. 5.10c 1961 Exchgr. 36c 1/2
Pwdr's 5.10c 78-30 Exchgr. 12c 1/2
Pwdr's 5.10c 78-30 Exchgr. 12c 1/2
Exchgr. 5.10c 1981 Exchgr. 12c 1/2

BANKS (%)
Aberthaw Letham
BUILDINGS (2)
Bell Brothers Exchgr.
Carnegie Stores (1)
Cornwall
ENGINEERING (%)
Hall Engineering Hawthorn Ltd
Hawthorn Engineering Ltd
Brunton (G's) Exchgr.
Howar A

PAPER (%)
Wyatt (Woodrow)
PROPERTY (%)
Preston Property
MOUNTAIN (%)
Mountleigh
TRUSTS (%)
Clifton Inv.
Mines (%)
Marleale

| Option | Ex'rise price | April | | | July | | | Oct. | | | Ex'rise close |
|--------------|---------------|---------------|------|---------------|------|---------------|------|------|--|--|---------------|
| | | Closing offer | Vol. | Closing offer | Vol. | Closing offer | Vol. | | | | |
| BP | 385 | 41 | 12 | 62 | 3 | 72 | - | 365p | | | |
| BP | 330 | 23 | - | - | - | - | - | " | | | |
| BP | 350 | 19 | 23 | - | - | - | - | " | | | |
| BP | 375 | 6 | 10 | 40 | 23 | 60 | - | " | | | |
| BP | 360 | - | - | - | - | - | - | " | | | |
| BP | 390 | - | - | 23 | 49 | 34 | - | " | | | |
| BP | 420 | 60 | 12 | 12 | 2 | 2 | - | " | | | |
| Cons. Gold | 480 | - | - | 12 | 22 | - | - | 473p | | | |
| Cons. Gold | 500 | 22 | 5 | 22 | - | 74 | - | " | | | |
| Cons. Gold | 500 | 5 | - | 30 | 2 | 52 | - | " | | | |
| Cons. Gold | 550 | 1 | - | 14 | 2 | 30 | - | " | | | |
| Courtauld | 60 | 7 1/2 | - | - | - | 11 | 13 | 65p | | | |
| Courtauld | 70 | 2 | - | 5 | 9 | 7 1/2 | - | " | | | |
| GEC | 350 | 12 | - | 35 | 6 | 50 | - | 363p | | | |
| GEC | 120 | 1 | - | 13 | - | 1 | - | 121p | | | |
| Grand Met. | 150 | 1 | - | 6 1/2 | - | 11 1/2 | 20 | " | | | |
| Grand Met. | 140 | 1 1/2 | - | 3 | 10 | 7 | - | " | | | |
| Grand Met. | 380 | 1 | 2 | 17 | - | 8 | - | " | | | |
| Marks & Sp. | 90 | 2 1/2 | - | 6 1/2 | - | 11 | 9 | 87p | | | |
| Shell | 420 | 1 | - | - | - | 10 | 45 | 333p | | | |
| Totals | | 70 | - | 111 | - | - | - | | | | |
| | | May | | August | | November | | | | | |
| Bonta | 180 | 12 | 1 | 18 | - | 25 | - | 183p | | | |
| Imperial Op. | 30 | 4 1/2 | 6 | 5 | - | 8 | - | " | | | |
| Rascal Elec. | 190 | 21 | 9 | 47 | - | 82 | - | 219p | | | |
| Rascal Elec. | 230 | 11 | 2 | 22 | - | 32 | - | " | | | |
| Rascal Elec. | 240 | 2 | 2 | 12 | 1 | 25 | - | " | | | |
| Rascal Elec. | 330 | 47 | 2 | 15 | - | 35 | - | 269p | | | |
| KTZ | 360 | 20 | 1 | 53 | - | 70 | - | " | | | |
| KTZ | 390 | 12 | 2 | 42 | - | 58 | - | " | | | |
| Totals | | 80 | - | 50 | 1 | - | - | | | | |

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[illegible][illegible]

Continued on previous page

Figure 1. Schematic representation of the experimental design. The subjects were divided into two groups: a control group and an experimental group. The control group received a standard diet, while the experimental group received a diet supplemented with 10% of the total energy from fat. The subjects were then subjected to a 12-week intervention. The control group received a standard diet, while the experimental group received a diet supplemented with 10% of the total energy from fat. The subjects were then subjected to a 12-week intervention. The control group received a standard diet, while the experimental group received a diet supplemented with 10% of the total energy from fat. The subjects were then subjected to a 12-week intervention.

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Iraq ready to seize oil route

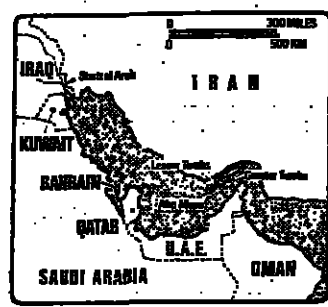
BY ISHAN HIJAZI IN BEIRUT

PRESIDENT Saddam Hussein's regime in Iraq has completed military plans for seizing control of three strategic islands in the Gulf from Iran. The islands command the Hormuz Strait, the crucial route for oil bound for the west.

Arab diplomats believe that Iraq also intends to challenge Iran's right to use the Shatt-al-Arab waterway freely, and express concern that the two countries may be heading for a war of attrition.

Baghdad's hostility towards Tehran is complicating matters for the Iranian Government. President Abol Hassan Bani-Sadr, of Iran is trying to devote his attention to the crisis with the U.S.

Iraq has created a refugee problem for Iran by deporting



hundreds of Iranians during the past few days in the wake of two bomb explosions in Baghdad for which Iraqis were officially blamed.

The Iraqi moves appear to be aimed at enabling Baghdad to renew its claim to the islands of Abu Musa, Greater and

Smaller Tunbs, which Iran occupied in 1971.

Iraq has backed up its claim by sending a letter to Dr Kurt Waldheim, United Nations Secretary-General, challenging Iran's continued presence in the three islands.

Mr Sadegh Qotbadeh, Iran's Foreign Minister, has countered by declaring that he will never give up "one centimetre" of the islands.

Baghdad has called for revision of a 1975 agreement with Tehran which gave an equal share with Iraq in sovereignty over the Shatt-al-Arab, the estuary forming part of the common border between the two neighbours.

Iraq says it made the concession in return for a promise by the Shah then to discontinue aid to the Kurdish insurgents in

Northern Iraq.

Arab diplomats say that contingency plans for an Iraqi landing on the three islands and for re-establishing Iraqi military presence in Shatt-al-Arab will probably be put into effect as soon as the Iraqi Navy receives the new gunboats it has ordered from France and Italy. A few of these boats are due to be delivered this year.

Travelers from Iraq have reported that camps for training Iraqis of Arab extraction in military activity have been set up near the border with Iran.

These Iraqis are members of the Arab minority in Khuzestan. Leaders of this minority have been pressing for autonomy within the Iranian Republic. They have been blamed by Tehran for numerous attacks on oil pipelines in Iran.

Prices low as Rhodesia re-opens tobacco auctions

By John Edwards, Commodities Editor

RHODESIA'S tobacco auctions opened in public in Salisbury yesterday for the first time since 1965.

The reopening follows 15 years in which the sales were cloaked in secrecy, primarily to protect buyers acting in defiance of economic sanctions after Rhodesia's unilateral declaration of independence.

Quality

The average price yesterday reached only 85.22 Rhodesian cents (US\$1.30) a kilogramme, compared with a hoped-for target of 125 Rhodesian cents.

But prices are expected to rise once the better-quality tobacco comes up for sale.

The main interest at the reopening of the public auctions centres on the attitude of British buyers, who played a dominant role before being forced to withdraw in 1965 because of the split between Rhodesia and the UK.

British buyers bought about 40 per cent of the total offerings in Salisbury before sanctions.

British buying was concentrated in the better-quality grades, and accounted for around 60 per cent in value of total Rhodesian tobacco sales.

Some buying was reported by leading British tobacco companies yesterday, but the real extent of their interest is not likely to be known until the better quality tobacco is auctioned in a month or so.

Switching

UK companies have found other sources of tobacco during the last 15 years and will have some doubts about switching back.

There is the incentive, however, of an EEC duty-free preference on Rhodesian tobacco.

Garth Griffiths writes: In London, the major tobacco companies last night said they had not yet decided whether to resume purchases of Rhodesian tobacco.

British-American Tobacco and Rothmans International said they had sent teams to Rhodesia to examine the tobacco available.

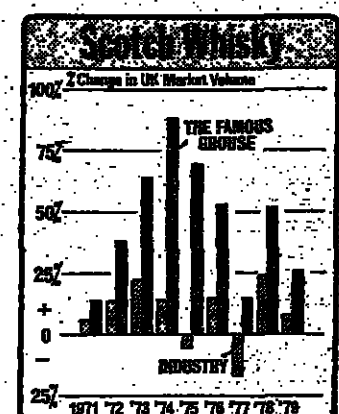
However, there was no automatic commitment to purchasing stocks there.

Commodities, Page 27

THE LEX COLUMN

A grey area for hydrocarbons

Index fell 5.9 to 426.7



Yesterday the money markets were still fairly tight, but the gilt-edged market was quietly enthusiastic. It is evidently relaxed about both the March banking figures, which are published tomorrow, and the set for the month to mid-April. Although net sales of debt will have been fairly small in the two months, the unseasonably small Exchequer deficit should ensure money supply growth within the 7 to 11 per cent target range, now based on February.

From now onwards, though, the monetary landscape becomes quite different. For one thing, the abolition of the current may increase the underlying rate of bank lending for a while, over and above the return of acceptances to the banking system. More importantly, after the mid-April VAT payments, the Exchequer will move back into substantial deficit, and this should eventually allow money market pressures to ease significantly. But it will also mean that more active sales of gilt-edged will have to be resumed, and the market can expect a new long tap next Friday, if not this.

North Sea find

The laws of gravity and confirmation all too often in the behaviour of the Siebens Oil and Gas (UK) share price. Yesterday the stock fell 60p to 610p, wiping out two-thirds of the jump on Wednesday, when a find in the North Sea in which the company has an interest was announced. This latest movement comes after gyrations earlier in the year, in which the stock rose to a peak of 930p before collapsing to 590p within a week.

Behind all the agitation have been the fortunes of a test drilling on a piece of North Sea real estate near the Brea field known as Block 16/3a. Siebens has a 4 per cent interest in the block, whose operator is the U.S.-based Marathon Oil.

The initial Siebens boom this year coincided with rumours that 16/3a contained an oil field as big as the Forties, to be replaced by less bullish noises about gas and condensates and the drop in the price of oil.

The current volatility stems from the vagueness of Marathon's statement last week. "The drilling brought up evidence of gas and a substance in the grey area between oil and condensate. The stock market has traditionally taken a dim view of condensates which, while in themselves high quality light oil command-

ing a premium, require the removal of less rewarding gas before they can be exploited. There was a disagreement between the BNOC, holding a 20 per cent stake in the block, and Marathon as a result of which the find was described by way of compromise as liquid hydrocarbon. The realisation that this was the equivalent of slightly heavy condensate emerged only yesterday.

Because several small companies like Siebens quoted on the Stock Exchange under Rule 163(3), where the listing requirements are minimal, there is little formal action that can be taken to prevent investors in this speculative part of the market being exposed to high risks. But in their own interests, the companies should ensure that information is released regularly. Perhaps press releases could be vetted by independent consultants. Otherwise, given a few more Siebens-type somersaults, the 163(3) market will gain a bad enough name for volatility to scare off the most hardened investor. Then the supply of new issue finance, tapped so successfully by Cluff Oil and Berkeley Exploration in recent months, will dry up.

Highland Dist.

The Monopolies Commission is now in the middle of its investigation into the Highland Walker bid for Highland Distillers. Inevitably the Highland share price has backed down a long way from the near 150p it reached after the 130p share offer was unveiled. But it picked up 3p to 125p yesterday on news that pre-tax profits had jumped by nearly 60 per cent to just over £3m in the six months to February.

The sales increase of 29 per cent to £30.4m reflects the con-

tinuing strong progress of The Famous Grouse, where UK volume sales were up a claimed 25 per cent in calendar 1979, to give the brand around 7 per cent of the market. At the present level, growth was helped by the drop in interest charges after the rights issue last June. Even so, it looks as though the brand is now generating healthy profits, and the £220 a case price rise in February should help to sustain margins. On the other hand, the pre-February trade buying and the subsequent tax Budget, which, of purchases, could leave demand rather slack for the remainder of the financial year.

So it would be wise to anticipate some slackening of the growth rate, pointing to perhaps £6.5m to £7m pre-tax for the full year. The dividend, though sharply higher, is an irrelevance and the prospective p/e of perhaps 13 (more like 23 on a full tax charge) points to the importance of the bid.

Antony Gibbs

After eight years of life as a quoted company and seven years under the wing of the Hongkong and Shanghai Banking Corporation, Antony Gibbs seems to be on the point of being completely absorbed into the Hongkong Bank. Its shares were floated at 90p in 1972 on a p/e of nearly 18; yesterday's equity offer, also worth 90p, represents a p/e of over 40 on 1978 earnings.

HfG Hongkong Bank has had a bumpy ride with its investment. It originally paid £4m for 2.9m shares, then £2.4m for 4.8m shares. At the bottom of the 1974-75 bear market the capitalisation of Gibbs was little more than the sum of these two equity injections.

Yesterday's bid, valuing the whole of Gibbs at £17.5m, is probably more or less at net asset value, with only a token amount of good will thrown in for the name. In its last balance sheet Gibbs showed £14m of shareholders' funds, and the hidden reserves (which will presumably be disclosed in the offer document) cannot amount to anything more than the recent poor profits performance.

The bid now awaits the approval of the Accepting Houses Committee, and of Lloyd's, both already occupied by the Marsh McLennan bid for Bowring on the question of foreign ownership of their members. But the Hongkong Bank's offer is not conditional on approval from either body, which may suggest that it expects no trouble.

Gold heads rise in metal market

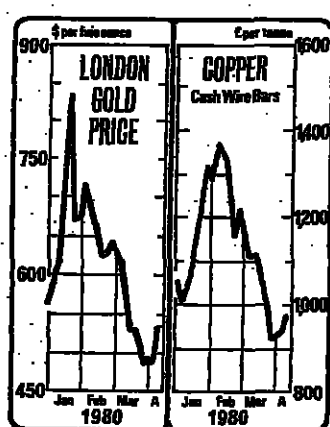
BY JOHN EDWARDS, COMMODITIES EDITOR

GOLD LED a general rise in London metal market prices yesterday, reacting to President Jimmy Carter's new measures against Iran, and growing political tension in the Middle East.

The gold price jumped by \$63 to \$539.50 a fine ounce and that rise, combined with nervousness about the Middle East situation, brought higher prices for silver, platinum and the base metals.

Free market platinum rose by \$31.75 to \$292.20 a troy ounce. Silver was raised by \$7.50 to 77 1/2p a troy ounce at the London bullion morning fixing and moved further ahead to close just below 800p.

On the London Metal Exchange copper cash wirebars gained £28.5 to reach £378.5 a tonne, while the three months quotation was £36.25 up at £1,007.75 a tonne. There were significant price increases too for lead, tin and zinc.



pressures in the London money market remained tight yesterday. Consequently, it looks increasingly likely that the Bank of England will have to consider extending, for the second time, its £500m loan to the clearing banks.

The loan, involving a temporary switch of holdings of gilt-edged stock, is due to end on Monday and an announcement about its future may be made today.

The shortages of liquidity yesterday resulted in a rise in very short-term interest rates, though rates for periods of three months or more eased slightly. These pressures have arisen because of an unusually long period of heavy payments of taxes and other sums to the Exchequer as well as calls on Treasury bills. The authorities regard the shortages as temporary, albeit long drawn-out.

Commodities, Page 27

Lloyds may sell French branches to Barclays

By Michael Lafferty, Banking Correspondent

BARCLAYS BANK is having talks with Lloyds Bank International over the possible acquisition of LBI's nine retail bank branches in France.

The plan reflects continued moves to rationalise the activities of LBI, the Lloyds subsidiary which is involved in wholesale banking in London and retail banking in a number of other countries, principally South America.

Earlier this year LBI closed down retail banking and broking operations in the Netherlands.

LBI said yesterday that it had decided to sell its French branches to concentrate resources on the expansion of international banking services to French corporate customers.

It also plans to place more emphasis on investment advisory and portfolio management services in France.

Mr. Leonard Kingshott, executive director of LBI's European division, said last night that, other than in South America, it was LBI's policy to gear itself to the sections of the wholesale market where it has particular strengths.

Acquisition of the LBI branches would add about a third to Barclays' existing retail banking business in France. The Barclays subsidiary in Monday's announcement in financing industrial and commercial businesses as well as the private customer market.

Apart from the retail branches whose sale is now under discussion, Lloyds has a head office and branches in Paris, Cannes and Monte Carlo, all of which will be retained.

Gales delay Thistle pipeline inspection

BY RAY DAFTER, ENERGY EDITOR

BAD WEATHER has again prevented divers from finding the cause of a pipeline oil leak which has led to the shutdown of the Thistle Field in the UK's North Sea sector.

In the offshore industry, the leak is generally felt to indicate the most serious pipeline failure since North Sea oil production began in the mid-1970s.

Force nine gales whipped up heavy seas to delay inspection and repair work on the pipeline, lying on the seabed in a water depth of 530 feet.

The British National Oil Corporation, operator for the Thistle consortium, halted the 120,000 barrels a day production when an oil slick was spotted on Sunday night. It was quickly dispersed by rough seas.

The field, which accounts for some 7 per cent of UK oil production, could be out of action at least until the weekend.

Thistle, containing some 510m barrels of recoverable reserves, is one of the most important discoveries in UK waters.

BNOC said yesterday it still had no idea what caused the leak in the 20-inch diameter pipeline running from Thistle to the Dunlin Field oil platform, about seven miles away.

It is thought the fault occurred about 1,000 yards from the Dunlin platform, some 125 miles north-east of the Shetland Islands.

A diving support vessel, equipped with a miniature submersible—Interbus 3—was standing by last night to ferry divers to the pipeline. Their first task will be to locate the problem. It could be a fracture or a loose clamp.

If they are unable to trace the fault, a small amount of oil will be pumped under pressure through the pipeline.

BNOC has also arranged for a tanker, Thistle Endeavour, to start an oil shuttle service between Thistle and the shore if the pipeline has to remain shut for any length of time.

Oil rig inspections, Page 3

Bendix clinches UK deal

BY ROBERT COTTRELL

BENDIX, the U.S.-based international industrial group, completed the £1.65m purchase of the outstanding 50 per cent of UK automotive brake and component manufacturer Bendix Westinghouse from Britain's Hawker Siddeley.

The now wholly-owned subsidiary is likely to become the European base for the group's Heavy Vehicles Components division.

Bendix plans to double the

level of Bendix-Westinghouse business over the next five years. Bendix-Westinghouse, which has always used Bendix technology, has 1,500 employees, with an annual turnover of £25m. The parent company was also responsible for management, which will be maintained. The subsidiary's name will be changed to Bendix.

Reports at the conference suggested another Japanese group, including Chubu Electric Power, Kansai Electric Power, Osaka Gas and Toho Gas, was close to agreement with Pertamina to import 3.2m tonnes of LNG a year.

Pertamina officials have also been holding talks with Tokyo Electric and Tokoku Electric Power on the sale of a further 3m tonnes a year from 1983.

Continued from Page 1

Khomeini

for the first time, that Mr. Carter had been too reluctant to pursue diplomatic negotiations months ago.

The willingness of the allies to go along with the U.S. was doubted by another Republican contender, Congressman John Anderson, who criticised the President for not having ensured their co-operation before Monday's announcement in financing industrial and commercial businesses as well as the private customer market.

Apart from the retail branches whose sale is now under discussion, Lloyds has a head office and branches in Paris, Cannes and Monte Carlo, all of which will be retained.

OPEC seeks oil price parity for gas

BY RAY DAFTER, ENERGY EDITOR

LEADING liquefied natural gas exporters are seeking to put prices for the fuel on a similar basis to those for crude oil. If successful, the attempt could double gas import costs for many consumers.

Mr. Ali Mohammed Jaidah, managing director of Qatar General Petroleum Company, said at the sixth international LNG conference in Kyoto, Japan, that members of the Organisation of Petroleum Exporting Countries might "align" their gas prices to much higher levels. The move, he said, could involve OPEC's leading LNG exporters—Indonesia, Algeria, Libya and Abu Dhabi.

OPEC members account for about 72 per cent of the world's LNG trade, although they control only 16 per cent of inter-

nationally traded gas (both pipeline and LNG).

LNG prices have traditionally been set under long-term contracts. In recent years, they have been well below the equivalent, in energy terms, for crude oil.

Mr. Jaidah said natural gas's premium nature—its cleanliness, flexibility, high energy content, inflation and the large investment required meant LNG prices must at least equal oil prices. Preferably they should be higher.

Among the exporters Algeria, one of OPEC's oil pricing "hawks," has been leading the drive to higher LNG prices. It has already told one of its major customers, Gas de France, that it wants its gas to have pricing parity with its Saharan blend crude oil. This now costs a

basic \$34.21 a barrel.

If Algeria is successful, its LNG exports could cost \$6.11 per million British thermal units (BTU). This would be about twice current prices for imports into Europe and 12 times the average price in the early 1970s.

Mr. Piet Haryono, president-director of Pertamina, Indonesia's state oil company, supported Mr. Jaidah.

He warned consuming nations that they could forget about obtaining liquefied gas at cheaper prices than oil. "LNG will not be cheap. But, after all, there is no cheap energy option any more," he said.

According to Mr. Malcolm Peoples, head of planning and finance in the Shell Group's international gas division, world LNG trade in the next

decade could double, and possibly increase threefold.

Japan is rapidly building up its LNG imports and may buy an additional 6m tonnes a year from Sarawak, Malaysia. A group of companies, headed by Tokyo Gas, has signed a letter of intent for the deal, which would require the construction of five gas-carrying ships.

Reports at the conference suggested another Japanese group, including Chubu Electric Power, Kansai Electric Power, Osaka Gas and Toho Gas, was close to agreement with Pertamina to import 3.2m tonnes of LNG a year.

Pertamina officials have also been holding talks with Tokyo Electric and Tokoku Electric Power on the sale of a further 3m tonnes a year from 1983.

Weather

UK TODAY
MOSTLY cloudy with rain at times. Some bright intervals.

London, S.E., S.W.
Cent. S. England, Channel Isles
Dry, sunny periods. Max. 12C (54F).

East Anglia.
E., Cent. N. England, Midlands, South Wales
Dry, cloudy later. Max. 11C (52F).

North Wales, N.W., N.E. England, Lake District
Mostly cloudy, rain at times. Max. 10C (50F).

Lochman, Border, N. Ireland, Edinburgh, Glasgow, Dundee, Aberdeen, S.W. Scotland
Cloudy, brighter later. Max. 9C (48F).

Rest of Scotland, Orkney, Shetlands
Cloudy with hill fog, scattered showers. Max. 9C (48F).

Outlook: Dry with sunny periods; becoming warmer.

WORLDWIDE

| | Y'day | Today | Y'day | Today |
|----------------|--------|-------|--------|-------|
| | midday | °C | midday | °C |
| Amman | 15 | 25 | 15 | 25 |
| Athens | 15 | 25 | 15 | 25 |
| Bahrein | 15 | 25 | 15 | 25 |
| Batavia | 15 | 25 | 15 | 25 |
| Belgrad | 15 | 25 | 15 | 25 |
| Bombay | 15 | 25 | 15 | 25 |
| Buenos Aires | 15 | 25 | 15 | 25 |
| Calcutta | 15 | 25 | 15 | 25 |
| Canton | 15 | 25 | 15 | 25 |
| Cebu | 15 | 25 | 15 | 25 |
| Colon | 15 | 25 | 15 | 25 |
| Hankow | 15 | 25 | 15 | 25 |
| Hong Kong | 15 | 25 | 15 | 25 |
| Kobe | 15 | 25 | 15 | 25 |
| London | 15 | 25 | 15 | 25 |
| Lyons | 15 | 25 | 15 | 25 |
| Manila | 15 | 25 | 15 | 25 |
| Medan | 15 | 25 | 15 | 25 |
| Meerut | 15 | 25 | 15 | 25 |
| Moscow | 15 | 25 | 15 | 25 |
| Mumbai | 15 | 25 | 15 | 25 |
| Nagasaki | 15 | 25 | 15 | 25 |
| Osaka | 15 | 25 | 15 | 25 |
| Paris | 15 | 25 | 15 | 25 |
| Peking | 15 | 25 | 15 | 25 |
| Rangoon | 15 | 25 | 15 | 25 |
| Reykjavik | 15 | 25 | 15 | 25 |
| Rio de Janeiro | 15 | 25 | 15 | 25 |
| Singapore | 15 | 25 | 15 | 25 |
| Sourabaya | 15 | 25 | 15 | 25 |
| Taipei | 15 | 25 | 15 | 25 |
| Tokyo | 15 | 25 | 15 | 25 |
| Yokohama | 15 | 25 | 15 | 25 |

The decision-maker's decision-maker



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